SEPTEMBER, 1958

Credit and FINANCIAL MANAGEMENT

Delinquent Customers Get Varied Attention— Phone, Letters, Wires

13 Share Honors in Forecasting Production And Wholesale Indexes

Demand for Extended Credit Called Drag on Receivables Turnover

"Pushbuttoned" Letters Lower Writing Costs And Do a Better Job

First Step to Profit *(See pp. 5, 1*

VOLUME 60 NUMBER 9

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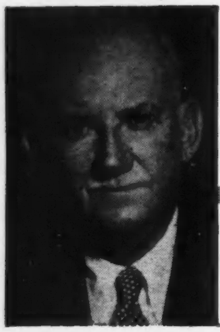

EDITORIAL

Henry H. Heimann
Executive Vice-President

A Simple Economic Lesson

MUCH is said in our country today about the onerous burdens of heavy taxation. Unquestionably taxes are too high to permit a continued growth of business at the rate of the past years. At the same time it is evident that with the deficits facing us you cannot arbitrarily cut taxes under the *existing tax law* and further cheapen the dollar by lighting the fires of inflation anew through unbearable deficits. If you approach the tax problem from the point of view of a balanced budget under *existing* tax rates, you can find no answer but a continuation of high taxes.

However, we should have the courage to approach the tax problem from another and more constructive point of view. Is it not likely that a lower tax rate would in the end yield the government more money? Then what sort of tax law can we enact that will lower the rates so that the ultimate consequence will be so constructive as to expand business and employment? Such increased business and employment in turn will widen the basis of taxable items and actually yield the government the money essential to its operations. This does not mean that we should accept without question government expenditures at the present level, but so long as they are very high and are likely to remain so for awhile, we face a fact and not a theory.

It has been repeatedly proved that a low tax rate is conducive to better business and a wider tax base. After the first World War we made successive rate reductions but the government, due to the constructive effect of tax reductions, was nevertheless able to balance its budget and reduce the national debt. The lower tax rate brought in sufficient additional money to provide a surplus which could be utilized for this purpose.

There can be little doubt that one of the government's most extravagant taxes from the viewpoint of business is the capital gains tax. It is a type tax not found in many countries. It is largely limited to the United States. The capital gains tax freezes the stream of commerce. It makes for unrealistic values in markets. It restricts the natural flow of trade. It is a barrier to national expansion. It is the most harmful of our tax laws.

If we could eliminate this tax entirely, we might achieve what may seem to some a miracle: abolish a particular tax and get higher tax collections. Modern business has long since learned of the profitableness of volume. It is time our legislators of tax laws learn this simple economic lesson. Surely it is worth a trial —a trial most of us believe would be rewarding. It is a program that has proved itself in history and most of all in our own nation after the first World War.

THE SEPTEMBER COVER

WHEN a company, obviously small, tries to get along without even a bookkeeper and the closest it comes to accounting is a columnar listing of transactions that is the sole paperwork, and that for tax purposes, many things can happen—and usually do. The supplier of course is the first to be affected.

In the case history traced in this issue (Page 14), P. J. Wilder, credit manager of Century Electric Company, St. Louis, tells how the president of a new concern was taking time off from selling to do the recording, until he was convinced that a financial statement is the beginning of profits.

In the cover picture Mr. Wilder (center) is showing this customer's

financial report to Fred H. Pillsbury (right), president of Century Electric, and R. N. Hill, vice president-sales.

Mr. Pillsbury has been with the company for 28 years. He was graduated from Washington University, St. Louis, and is an electrical engineer.

Mr. Pillsbury has served in various capacities in his years with Century Electric Company, including mechanical engineering, time-study, cost department, head of the standards department, and executive engineer. He was elected president in 1950.

Mr. Hill joined Century Electric 38 years ago. He is a mechanical engineer by profession and a graduate of Carnegie Technical Institute.

He served in the engineering department for five years, was general plant superintendent for seven years, and spent seventeen as works manager before his election as vice president in charge of sales.

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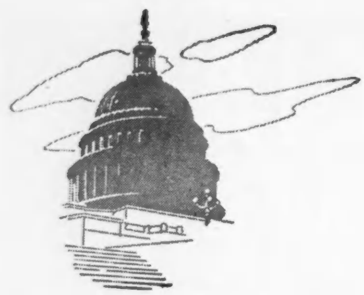


Washington

As CONGRESS APPROACHED adjournment many measures of significance to business were brought into their final legislative stages. Among these was the eighth successive extension of Korean emergency rates on corporate income and excise taxes. It differed in one notable respect from similar tax rate extension bills of previous years: this time the wartime emergency tax on freight shipments, including the tax on coal transportation and on transportation of oil by pipeline, was repealed.

THE SMALL BUSINESS ADMINISTRATION was made a permanent agency in a bill which also lowered the maximum rate of interest on SBA loans to 5½ per cent from the previous 6 per cent. The bill also raised the loan limit to $350,000 from the former limit of $250,000, and gave the SBA increased power to help small businesses obtain research and development contracts. Among small business measures was a tax relief bill passed by the Congress which provided for allowances against taxable income from inventories and depreciable property, ordinary loss deductions rather than capital losses on small business stock, and instalment payment, over a 10-year period, of estate taxes on the assets of closely held small businesses.

Another bill, to make equity capital and long-term credit more readily available for small business concerns, was also adopted.

Equipment Loans for Carriers

A TRANSPORTATION ACT designed to alleviate some of the chronic woes of the rail industry was approved by both House and Senate. It guarantees up to $500 millions in equipment loans where carriers cannot otherwise obtain these funds at "reasonable" rates. It also empowers the ICC to permit rate reductions without considering their effect on competing carriers so long as they are compensatory and do not conflict with national policy. It limits the definition of agricultural items exempt from certain rate increases and plugs certain loopholes whereby some private truck operators have escaped regulation.

DEFENSE REORGANIZATION was approved by both House and Senate in a bill which met President Eisenhower's objectives with respect to unified combat commands and tighter lines of departmental authority within the Defense Department. The action, which was one of the original recommendations of the Hoover Commission, was said to have brought true coordination of effort among our various armed services a long step closer to ultimate realization.

Senate and House formally ratified the conference committee agreement on a $39,602,827,000 Defense appropriation for the fiscal year ending June 30. The bill provided $575,500,000 more than the President had asked.

Easing Federal Courts' Case Load

FEDERAL COURTS should be eased of their heavy case load as the result of a new law passed by Congress which removes from Federal court handling such cases as involve amounts less than $10,000. The previously required minimum was $3,000. The new law also provides that where a corporation is in more than one state, a corporation is to be deemed a citizen both of the State by which it has been incorporated and of the State where it has its principal place of business.

BANKRUPTCY ACT amendments introduced at the behest of the National Association of Credit Management to limit the now unlimited priorities which government tax claims enjoy over claims of general unsecured creditors progressed further in the 85th Congress than they had in any previous Congress. At hearings last January such organizations as the National Bankruptcy Conference, the National Association of Referees in Bankruptcy, the American Institute of Certified Public Accountants and the Commercial Law League of America joined NACM in urging such legislation.

As a result of these hearings and over the objections of the U.S. Treasury, the House full judiciary committee reported out a clean bill to limit government priorities to tax claims which had become legally due and owing within three years before bankruptcy (the original legislation had called for a one-year limit on priorities). Claims extending back more than three years, except in cases of tax fraud or non-filing of returns, would be accorded equal treatment with general creditors' claims.

Another NACM-backed bankruptcy bill—one which would permit post-petition filing of a plan of arrangement in Chapter XI cases—won approval of the Senate. The bill had passed the House a year ago.

FEDERAL RED INK appeared in the amount of $2.8 billions on the government's books for

(Concluded on page 28)

Delinquent Customer

Long Distance Phone Calls and Personalized Letters Effective

IN the *Credit and Financial Management* debate-in-print on the sending of monthly statements to all accounts, those who have discontinued such mailings (except to customers requesting them) pointed to their savings in time and costs. (July CFM).

On the other hand, as shown in the August installment, many call the monthly statement an expediter of collections worth more than the waived savings.

The third part of the questionnaire concerned the use of the monthly statement for only delinquent accounts, and Question No. 4 read: "Do you write individual letters to delinquents?"

In this issue we pass along the participants' comments on these two questions. Note the varied methods used, also the effective use of the long distance and local phone call.—Ed.

Personalized Letters and Telegrams, Phone, Visits—Sometimes All Four

MISS BLANCHE M. SCANLON, Assistant Manager, Nash Coffee Company, St. Paul, Minnesota

IF AN ACCOUNT is past due, personalized letters, telegrams, long distance and local telephone calls, and visits to customers—sometimes just one of them but many times all of them—are necessary before the sale is completed by transfer of the necessary money from the customer to us.

Statement Is Sent after 60 Days; Final Demand Notice Is Next Step

B. D. WINSHIP, Secretary-Treasurer, Scott-Buttner Electric Company, Inc., Oakland, California

IN THE AREA of operation of our two service trucks (which accounts for only 1 to possibly 1½ per cent of our gross dollar volume but 75 per cent of our total number of invoices) we encounter minor collection problems. To minimize cost we send one statement—sometimes two—at the end of 60 days.

After that the account is automatically given a Final Demand notice which, if not satisfied within the required period, goes into the hands of the Wholesalers Credit Association of Oakland.

Keeps Matter before Delinquent Lest He Count on Being Carried

ROBERT G. FULTON, Credit Manager, Motor Supply Company, Inc., Spokane, Washington

WE FIND IT very advantageous to mail individual letters to the delinquent account, usually after 60 days delinquent. We inform him we are unable to carry accounts under these circumstances.

We also use second statements about the 15th and 20th of each month, not only on accounts current the previous month but also on those 30 days slow.

We find you must always keep the matter before the account. Otherwise he is inclined to feel you have the money to carry any delinquency that might arise.

Statements, Stickers, Notations to Delinquents, Also Individual Letters

RALPH P. BAUMGARDNER, Credit Manager, The Bon-Ride-Jackson Company, Charleston, W. Va.

TO DELINQUENT accounts we mail statements in the month as well as the regular monthly statements, using stickers and written notations.

We also send them individual letters.

Statements, Reminders, Letters, Phone Calls, Visits to Accounts

F. J. SQUIRES, Secretary and General Credit Manager, The Sherwin-Williams Company, Cleveland, Ohio

THESE methods are used in following delinquent accounts: statements with appropriate reminders, letters, long distance and local telephone calls, personal visits.

We see no reason to change our policy.

Different Kinds of Customers Served; Form Letters Prove Unsatisfactory

J. H. MURPHY, Assistant Treasurer, and Credit Manager, Universal Mills, Fort Worth, Texas

INDIVIDUAL letters are written to delinquent accounts.

Due to the different kinds of accounts we service—such as dealers, growers, ranchers—the use of form letters has proved very unsatisfactory.

Fashions Letters to Read as If Actually Talking to the Customer

ALVIN H. TANNER, Secretary, Hart's Automotive Parts Company, Chattanooga, Tennessee

WE ARE firm believers in writing individual letters to delinquent accounts. We use a number of letters, but type each one individually. We tried (printed or mimeographed) form letters for several years. Since we started

Get Varied Attention

Three "Past Dues" First

DELINQUENTS receive three "past due" notices spaced every five days, starting the 15th of every month, plus an individual letter in extreme cases.

After 30 days old, shipments are COD unless special terms have been arranged.

MONROE F. WEIGEL
Secretary-Treasurer, Electrical Distributing Company, San Antonio.

individual letters, our successful results have more than doubled.

We do not use "cute" letters, but rather try to make them short, friendly and to the point. We just do not think that form letters work when you are trying to make your letters sound as though you are actually talking to your customer.

Personal Collection Letters Found Necessary to a Successful Program

R. E. WHITELEY, Assistant Secretary, and Credit Manager, Fairbanks, Morse & Company, Chicago, Illinois

WE WRITE individual letters to past-due accounts, after sending two form letters.

Our experience plainly indicates that personal collection letters are a necessary part of a successful collection program.

New Open Item Statements Help Both Collections and Adjustments

S. SERAFIN, Credit Manager, Minute Maid Corporation, Orlando, Florida

OUR NEW open item statements have helped the credit department in collections.

These statements have also aided the adjustment department in settling matters which sometimes have been delayed or deferred by our sales personnel.

System of Form Letters Is Used; Special Letter in Unusual Cases

T. O. METCALF, Assistant Secretary and Assistant Treasurer, Toledo Scale Division of Toledo Scale Corporation, Toledo, Ohio

WE USE a system of form letters in many cases in following our past-due customers. This depends on the size of the account and the circumstances. If a form letter does not fit the situation we will use a specially dictated letter to the customer.

We do not install any system which will hamper our collection efforts, even if it might provide a small saving. Our past-due total, even under current economic conditions, has increased only a fraction of 1 per cent.

Two Printed Letters to Delinquent, Then Individually Typed Messages

A. J. BRADLEY, *Credit Manager,* Commercial Solvents Company, New York, New York

WE HAVE a series of two printed letters we send delinquent accounts. If these do not produce results, individually typed and dictated letters follow, shaped according to circumstances.

Some of our products are on proximo and seasonal terms. We find these accounts more difficult to manage from the standpoint of payment (at or near maturity), and greater credit vigilance is needed under today's conditions.

Letters, Phone Call or Wire, Visit; This Sequence Found Satisfactory

"TO DELINQUENTS we first send individual letters, then telephone or wire, and, thirdly, make personal contact. This procedure has proved very satisfactory."—GEORGE V. REED, *Assistant Treasurer and Credit Manager, Continental Steel Corp., Kokomo, Ind.*

"IN FOLLOWING UP overdue accounts we usually employ form collection letters for the first three reminders. After that, individually dictated letters are used."—LLOYD SINNICKSON, *Credit Manager, American Cyanamid Co., New York, N.Y.*

"OUR FIRST TWO letters to delinquents are form letters with the amounts inserted. Individual letters follow."—D. G. MOSES, *Credit Manager, Graflex, Inc., Rochester, N.Y.*

Individual Letters Are Sent Those Not Called Upon by the Salesman

"WE WRITE individual letters to only those delinquents not called on by the salesman."—EARL W. KORFHAGE, *General Credit Manager, George A. Hormel & Co., Austin, Minn.*

"FORM letters to delinquents are used to a point, then individual letters follow."—R. M. LONG, *Assistant Treasurer, Sefton Fibre Can Co., St. Louis, Mo.*

"WE WRITE individual letters to delinquents, but usually phone local accounts."—RALPH L. FOX, *Treasurer, The Cleveland Tool and Supply Co., Cleveland, Ohio.*

"WE WRITE individual letters to delinquents under special circumstances and in cases of serious delinquencies."—E. J. STRAUBE, JR., *Secretary, Schering Corp., Bloomfield, N.J.*

Decries Intensified Demand for Extended Credit As Unsound Drag on Turnover of Receivables

URGING a "return" to operating policies "of five to ten years ago" when, before completing a sale, the credit manager made special effort to develop information regarding the purchasing company's finances and profit potential if the company indicated the entire sale would depend upon special terms, N. Gilbert Krause, division credit manager of Brown Instruments Company, Philadelphia, decries the increasing practice of selling products on long terms that result in diminishing turnover of receivables.

N. G. KRAUSE

Economic conditions have changed radically in the last year, but the principles of sound business have not, says the credit executive of this division of Minneapolis-Honeywell Regulator Company, and responsibility for the intensified demands for extended credit may rest in part upon credit departments for not applying those principles. When "tightness of money" is such a fashionable topic, some may not be reflecting the very best performance standards of which they are capable, he adds. Can it make any difference in those principles, he asks, whether the volume is one thousand or one million dollars "except that good or bad practices are multiplied in direct relation to the total sales?"

"The volume of sales in many businesses is beyond the resources of the purchaser, and that has opened up an area where, in effect, the added extension of credit will ultimately place the suppliers in a position where they become part of the banking machinery, the very banking system which has made a large contribution to the ability of those manufacturing suppliers to develop their present proportions and facilities.

"Should this trend continue, it will not be long before we find ourselves competing with each other for business on credit terms (if we are not already doing so), with the competition of the inexperienced and thoughtless driving the better elements of business into an acceptance of credit merchandising which they do not approve or want."

It can be argued, he concedes, that such additional sales can represent an additional market. "It does not follow that more sales are transacted on a liberalized policy. What follows generally is that all terms are immediately stepped up to a more liberal basis. Seldom will we complete transactions on any basis but the new maximum, if once we have firmly established it as acceptable in our minds or in our business routine.

"The result of all this is that unless we are exceedingly careful we will be selling terms instead of the superiority of our product, our service and our quality."

***BEFORE** becoming division credit manager of the Brown Instruments Division (Philadelphia) of Minneapolis-Honeywell Regulator Company in 1953, N. Gilbert Krause had served in the credit department of Swift & Company and its subsidiary Plankinton Packing Company, Milwaukee; was treasurer and partner in Wisconsin Poster Service Co., Inc.; district representative, General Motors Acceptance Corp., and member of the credit department of Minneapolis-Honeywell in Minneapolis.*

Mr. Krause has the Executive Award (1952) of the Graduate School of Credit and Financial Management, NACM, and studied business administration and personnel management at the University of Minnesota.

Mr. Krause points out that the line of credit originally established was to some degree minimized to reduce the cost of the product and so, if overextension of credit is permitted to continue, ultimately the supplier's investment in receivables will necessarily increase the cost of the invested capital.

In the majority of sales, the subject of terms is introduced, and the method of the salesman or sales engineer may be either to immediately offer the maximum terms (if the company has several sets of terms) or by vagueness of comment indicate to the purchaser that, while the established terms are published, he may succeed in obtaining a better deal if he employs some of the 'credit buying skill' which he has developed.

"When the purchaser asks directly about terms, the salesman can make a very practical effort in the purchaser's interest, and his own, to avoid granting more credit than is necessary and perhaps more than the purchaser himself may have expected, accepting the exceptional terms only as a last resort and as the conditions of the sale may dictate.

"Many valuable selling arguments exist which contain purchaser appeal in favor of conservative terms. Salesmen and sales engineers should be prepared to develop these selling points for the benefit of the purchaser as well as themselves."

Mr. Krause sees these benefits from such a selling program:

1. Off-color or exceptional demands decreased;

2. Average turnover improved, reducing the amount required in accounts receivable;

3. Loss experience more favorable;

4. Less collection effort—and close collections are essential under today's rapid liquidation of marginal accounts;

5. More satisfied customers and better appreciated sales engineers;

6. Purchaser might learn advantages of prompt turnover of capital in his own business.

If a company's receivables for a year increase $1 million but the sales total has not increased, the added expense is a minimum $40,000, plus added exposure and probably added losses, the credit executive says. If the customer's ability to absorb a proportional increase in cost is doubtful, a proper sales approach on the line of credit may enable him to improve his turnover and apply funds

(Concluded on page 18)

Production and Wholesale Index Honors Won by 13

WATCHING the maneuvers of the Indexes, both Wholesale Prices and Industrial Production, has been as tense an activity these past months as attendance upon the countdown for the first missile sent into space. In the case of the Indexes, what should have gone up went down, and what was "supposed" to go down went t'other way.

All the more credit then to M. E. Bruce, credit manager, Humble Oil & Refining Company, Houston, Texas, who scored the only "goal" in CFM's annual "INDEX Bowl" game, with his accurate prediction (made last fall and published in CFM January 1958, p. 12) that the WHOLESALE PRICE Index for All Commodities at midyear 1958 would be 119.1. This figure was reported by the Bureau of Labor, Department of Commerce.

Not to be overlooked is the near perfect scoring of the following five participants whose estimates were within 1/10th point of the midyear figure:

A. A. SCHIRMER, general credit manager, The American Sugar Refining Co., New York, N. Y.

E. A. ARGUS, vice president and secretary, The Julian & Kokenge Co., Columbus, Ohio, president Columbus Credit Association, alumnus NACM Graduate School of Credit and Financial Management, Dartmouth.

DR. ARTHUR A. SMITH, vice president and economist, First National Bank, Dallas. Special kudos to Dr. Smith, whose Industrial Production Index estimate in 1957 was within 3/10ths point of the actual, and whose 1956 IPI forecast was squarely on the button.

BERNARD C. ZIPERN, secretary-controller, Red L Foods Corp., Great Neck, N. Y., chairman National Frozen Food Processors Group.

DAN AVILA, credit manager, Lucky Lager Brewing Co., San Francisco, holder of the Executive Award of NACM's Graduate School at Stanford.

The collective Wholesale Price Index estimate of all executives participating in the poll, as published in the January 1958 issue of CFM, was 117.7. It should be noted that 67 out of 106 executives participating in this Index estimate, or approximately two-thirds of the total, last fall accurately foresaw that the direction of this Index would be *upward* from the mid-'57 figure, when it "momentarily" stood at 117.4. Individual estimates ranged from a low of 108 to a high of 122.4.

Forecaster Supreme

HOLDER of the Executive Award of NACM's Graduate School of Credit and Financial Management (Stanford 1955), M. E. Bruce, whose January forecast of the Wholesale Price Index for mid-1958 hit the bull's-eye, is acting credit manager of Humble Oil & Refining Co., Houston.

Mr. Bruce attended Louisiana State University and joined the company in 1929. He is very active in civic programs, notably Red Cross and United Fund.

Industrial Production Forecasts

On the INDUSTRIAL PRODUCTION Adjusted Combined Index, participants in CFM's annual forecasting averaged 142.39, rather distant from the Federal Reserve's figure of 130* for June 1958, reported in July. At midyear of 1957 the IPI figure stood at 145.**

The nearest forecasters on the IPI were 5 points off (higher or lower). However, a majority or approximately three-fourths of the executives participating, accurately foresaw the trend, predicting this Index would *decline* from the mid-'57 figure. That's proof enough that financial management's economic indicator antennae are radar-sensitive to signals along the horizon of industrial production activity. Individual "guesstimates" for this Index ranged from a low of 125 to a high of 152.3. (That low of 125 may have seemed a bit wild last fall when the Index stood at 145 but one man's judgment was vindicated when the Index dived to 126 in April of this year.)

Repeat Performance

No need to be shy about their economic acumen are repeat "winners" JAMES N. JONES, treasurer, Decatur & Hopkins Company, Boston, immediate past director of NACM, this year within 4/10ths point on the Wholesale Price Index, a runner-up (1 point off) on the 1956 Industrial Production Index; and LESTER E. JONES (there's something in the name "Jones"!), secretary-treasurer, Hausman Steel Company, Toledo, only 2/10ths point short on the Wholesale Price Index this year, a winner last year in the Industrial Production Index category.

Honorable Mention to These

Honorable mention to these runners-up in the INDUSTRIAL PRODUCTION Index category—their estimates approached 5 points of the mark:

W. R. DUNN, general credit manager, General Foods Corp., White Plains, N. Y., past president of the New York Credit & Financial Management Association, and currently a NACM director.

M. V. JOHNSTON, general credit manager, Gulf Oil Corporation, Pittsburgh.

J. J. STEIG, Bancohio Corporation,

* Preliminary.
** This figure was twice revised, originally being reported at 143.

Columbus, Ohio; past president, Columbus Credit Association.

F. M. HULBERT, manager credit division, Procter & Gamble Dist. Co., Cincinnati, past national director and now vice president central division, NACM.

ELDRED H. SCOTT, vice president-controller, The Detroit Edison Co., Detroit.

And a Salute to These

In the WHOLESALE PRICE Index category, these executives came within 2/10ths to 5/10ths point of the mid-year figure in their forecasts last fall:

ELI J. HOCHMAN, credit manager, L & P Electric Co., New York, N. Y.

E. M. EMBRY, general credit manager, Momsen-Dunnegan-Ryan Co., El Paso.

M. W. MALLIN, credit manager, Milprint Inc., Milwaukee.

LESTER E. JONES, secretary-treasurer, Hausman Steel Co., Toledo.

J. LEROY VOSBURG, partner, Fernald & Co., Philadelphia.

J. A. MCDONNELL, credit manager, Whitehall Pharmacal Co., Elkhart, Ind.

RAYMOND J. ARNOLD, credit manager, Independent Lock Co., Fitchburg, Mass.

CRAIGE RUFFIN, vice president, Ruffin & Payne, Richmond, Va.

J. N. JONES, treasurer, Decatur & Hopkins Co., Boston, past president New England Association of Credit Executives, and past National director.

I. J. JEFFRIES, credit manager, Hershey Chocolate Corp., Hershey, Pa.

M. M. NIELD, credit manager, Marathon Corp., Menasha, Wis.

H. H. AHLSKOG, treasurer, Earle M. Jorgensen Co., Los Angeles.

R. T. CUSTER, district financial manager, Graybar Electric Co., Boston.

BOB BECKER, assistant credit manager, Minneapolis-Honeywell Regulator Co., Minneapolis.

The CFM Index poll is taken annually in November and the predictions are published in the following January issue. More than 100 executives participated in the 1958 forecasts which were published in our January issue, pages 10-12.

INDEX FIGURES LAST FIVE YEARS

	WHOLESALE PRICE INDEX (Bur. of Labor, Dept. of Commerce) avg. 1947-49 is 100)	INDUSTRIAL PRODUCTION ADJUSTED COMBINED INDEX (Fed. Res. Bank 1947-49 avg. is 100)
1954	110.0	124
1955	110.3	139
1956	114.2	141
1957	117.4	145*
1958	119.1	130**

* Originally reported as 143, it later was twice revised.
** Preliminary.

Need of Federal Industrial Mortgage Insurance Seen

A mortgage insurance program for industry, similar in concept to the FHA for private homeowners, "would do more to combat the recession than public works or similar measures" and would answer financing needs of industry for new construction, expansion and modernization, according to Frank G. Binswanger, Sr., president of the Philadelphia industrial realty organization bearing his name.

Mr. Binswanger's recommendations, outlined by him to Government officials, call for an industrial mortgage insurance program for manufacturing and allied industries with assets of $5 million and under; mortgages to be for a maximum term of 25 years at prevailing interest rates. The plan would be administered by a Federal Industrial Mortgage Agency which would be empowered to guarantee 50 per cent of the mortgage commitment sought by a company.

Management and Sales Face Biggest Test, Eppert Warns

Marketing management must be at once warmly enthusiastic and coldly analytical, "inspiring the sales force with pride in the product while preparing to replace it," said Ray R. Eppert, president of Burroughs Corporation, addressing the American Marketing Association Conference at Harvard Business School.

Discussing "Management's Nightmare"—rising costs, inadequate revenue, shrinking profits—Mr. Eppert cautioned, "The dynamism of the American economy is not built in. It must be continually generated by the energies and capabilities of American management, and particularly marketing management.

"We are testing which businesses can more quickly respond to the opportunities being opened up by new techniques," with research and development providing the key to future markets. "To win these contests we must stretch our capacities to the utmost. This is true of our statesmen. It is true of business management, and certainly of market management. Our sales force may be less competent because of the lack of experience of selling in a period of declining demand. They are now being tested in times of sales resistance."

$37.9 Millions Donations by 163 Firms; 0.7% of Their Net

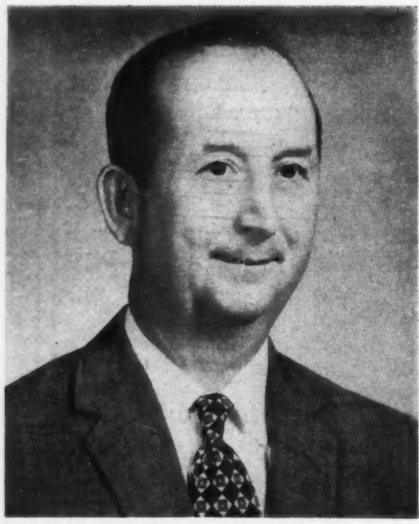
Industry has noticeably increased its contributions, especially to education, says the National Industrial Conference Board, with companies now regarding donations as a cost of doing business, and conducting studies of basic needs of society and the agencies to meet them.

The $37.9 millions in contributions in 1955 by 163 companies with total net income of $5.1 billions averaged 0.7 per cent of net before taxes, but the ratio varied widely, from 0.1 per cent in several concerns to 9.1 per cent in one machinery company. The 180 companies participating in the survey donated $38.3 millions.

In addition to the dollar donations there are, for example, the cost of administering the program and the time contributed by personnel to aid nonprofit organizations (23 companies' estimate of donated time averaged 0.29 per cent of income before taxes). Then there are donations of products, advertising, technical and clerical assistance, handling payroll deductions for employee donations, use of facilities and equipment, and sponsorship.

Farm Equipment Business to Spark Upturn, Analysts Told

Higher commodity prices, increasing farm income, and machinery obsolescence will help put the farm equipment industry in the vanguard of the general business upturn, said J. Russell Duncan, president of Minneapolis-Moline Company, addressing the New York Society of Security Analysts.



MANAGEMENT AT WORK

.... a problem case is solved

By P. J. WILDER
Credit Manager
Century Electric Company
St. Louis, Missouri

ADEQUATE accounting records are essential for the successful operation of any business enterprise. I have heard it said frequently that there no longer can be any doubt that all commercial organizations keep books. After all, isn't everyone required to make tax returns, which should necessitate that books be kept? Nevertheless, there is evidence that more than one small business firm does not maintain a bookkeeping system even in the most charitably loose definition of the phrase.

Without laboring that point, however, on one conclusion we can agree from experience, and that is that in far too many cases the bookkeeping falls all too short of what it should be, if the business is to have any chance of achieving its profit-potential.

Inadequate Bookkeeping

In my credit operations I have come up against a number of instances of inadequate bookkeeping by customers, actual and prospective. Their paper records may have enabled the company to make tax returns but they did not provide the management with the information which would aid them in their daily routine.

This inadequacy likewise precludes the sending of financial information to creditors and handicaps the supplier. That is one of the reasons that we so often are told in credit reports that financial information is "deferred."

The case history before us involves such an account. It is a small corporation owned by three individuals who started an electric motor repair shop in 1949. The business has grown until they now have sales approximating $150,000 a year. They retail new and used electric motors and controls to industrial, commercial and household trade, and do electrical repair work for mines, factories, stores and home owners. Eighty per cent of their sales is made on 30-day net terms. They employ 12 persons in their shop.

A few years ago they became delinquent with most of their creditors. We thereupon insisted upon receiving factual figures on the financial setup and status. When the financial statements were not mailed to us I paid a visit to the owners in an effort to determine what was causing their financial difficulty.

We all know many business failures are due to unbalanced experience of owners who are unable or unwilling to hire the required skilled personnel.

All on Columnar Sheets

The president of this organization was by trade an electrical repairman and armature winder. I found that he now was working under a double load, selling the services and products of the company but at the same time attempting to keep the accounting records by himself.

It was easy to see that he had had no financial experience. All the records which he kept were on columnar sheets of paper, and these were turned over to an accountant at the end of the year for computation of the corporation's taxes. The owners had the essential data but they all had to be classified before they could have any meaning to them or to anyone else.

The accounts receivable record consisted of columnar sheets with a line drawn through the name when the item had been paid by the customer. There was no daily record of the balance of cash they had in the bank. The management did not know whether it was operating at a profit or a loss until the end of the year.

I pointed out to the president of the company the danger of operating from such records, and advised him that it would be cheaper to hire a posting clerk to keep the records up to date. This in turn would give him more time to manage the sales and administrative end of the business.

He appreciated my call, arranged a conference with his public accountant. Together we discussed the accounting needs of the business.

The president was receptive to the idea of setting up an adequate accounting system and employing a clerk to handle the records. A simple set of books was installed.

Paying Habits Improved

The first financial statements indicated a shortage of working capital because of over-trading and excessive investment in fixed assets. This condition will correct itself over a period of time with the plowing back of earnings.

There has been a decided improvement in the paying habits of the account, though the Credit Interchange Reports still indicate some slowness. Nevertheless, the corporation is now

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GRADUATE of *St. Louis University school of commerce and finance, P. J. Wilder started with Century Electric Company, St. Louis, Missouri, in 1949 as credit manager, after several years in public accounting as well as serving a period as credit manager for a previous employer.*

Mr. Wilder is a past president and director of the St. Louis Association of Credit Men. He received the Fellow Award in the National Institute of Credit in 1939.

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able to plan its merchandise and cash requirements.

The president has been relieved of the detailed bookkeeping duties, sketchy as they were, and is concentrating time and effort on executive and administrative duties.

Indications are that the account will grow and become profitable for us. Adequate accounting records will help the owners to successful operation.

State Banks Record New Highs In '57 Assets; Net Earnings Up

Topping past records, assets of the country's 9,389 state-supervised banks totaled $138,071,319,000 in 1957, or 3.2 per cent above 1956, according to the 27th annual study by the State Bank Division of American Bankers Association. The study covers 8,867 state commercial banks and 522 mutual savings banks. These banks at the beginning of 1958 held loans and discounts amounting to $65,181,237,000, a gain of 4.5 per cent during 1957. Percentage of loans and discounts to total assets was 47.2 per cent.

Net earnings from current operations showed a gain of $77,920,000, or 6.0 per cent, to aggregate $1,379,959,000 at the end of 1957. Net operating earnings represented 36.0 per cent of total earnings compared with 37.5 per cent the previous year.

Income taxes, federal and state, increased 16.9 per cent over 1956 to a total of $465,487,000. Net profits before dividends of the state commercial banks amounted to $662,982,000, an increase of 13.6 per cent. In all but ten states the banks reported an increase in profits.

While state banks overall showed a decrease in holdings of U. S. Government obligations in 1957—the decline was 1.1 per cent—mutual savings banks accounted for the entire reduction. The ABA study is contained in the booklet entitled "The Condition and Operation of State Banks."

Controllers Elect J. M. Hughes

The Controllers Institute of America has elected as president J. McCall Hughes, vice president and controller of Mutual of New York. On September 1st he succeeds James L. Peirce, vice president and controller of A. B. Dick Company, Chicago, who will become chairman of the board of directors.

Housing Industry Placed in Pinch-Hitter Role

Some Easing Traced to Washington's Efforts to Aid Market

LIKENING the position of the housing industry in today's economy to that of "the pinch-hitter at bat in the last of the ninth inning with two down and the tying and winning runs on base," Ben F. Edwards, Jr., vice president, Bank of America, says "it will be a tall order for our pinch-hitter to win this game all by himself."

B. F. EDWARDS, JR.

The situation differs from 1949 when a housing boom broke up that recession with a record 1.4 million starts in 1950, and the 1955 near-record 1.3 million starts after 1954's business setback, Mr. Edwards told the Building Material and Construction Industry Group at the 62nd Annual Credit Congress in Detroit. "The weak situation in inventories, in business plant and equipment spending, and even in consumer spending, makes it difficult for the recent housing upturn to be sustained."

The first postwar decade, ended in 1956, was characterized by heavy construction, rapidly increased supply of mortgage money and an even more rapid increase in the demand for such funds, he pointed out.

Mr. Edwards discussed these four favorable factors in the 1958 outlook: Increased sources of funds, decreased competition for funds, Governmental programs, and basic growth factors.

"The easing of Federal Reserve policy," he said, "foreshadowed a definite easing of liquidity positions in 1958, and a consequent freeing of resources again for residential financing." He cited the new high reached last year in liquid assets of individuals, the savings accounts and insurance reserves accounting for an even greater share of disposable income than in 1956, and the continued rapid rise in payments on the principal of outstanding mortgage debt.

The one-third increase in new corporate security offerings and the one-fifth increase in state and local offerings registered last year are not likely to be repeated in 1958 because of the business decline, Mr. Edwards added. "Long term funds that would otherwise have gone into these markets will thus be available for the mortgage market."

The Housing Act of 1958

Some easing of the situation, he declared, can be traced to Administration and Congressional efforts to assist the housing market. The Housing Act of 1958, with related Administrative actions, has allocated almost $2 billions for Federal National Mortgage Association purchases of Government-backed mortgages, has further lowered Federal Housing Administration down-payments, and "has brought back the nothing-down G I loan."

In the area of basic growth factors are the 3-million annual population increase, the 850,000—"still high"—household formations a year, low vacancy rates, and demand stemming from demolition and other sources, such as demolition caused by the new Federal-State highway program.

On the unfavorable side of the construction picture Mr. Edwards mentioned these principal factors: consumer income and psychology; "evaporation, satiation, saturation"; and costs and prices.

***VICE PRESIDENT** in charge of loans and investments. Bank of America NT&SA, San Francisco, B. F. Edwards, Jr., is vice president-research, Credit Research Foundation, NACM, reelected at the Credit Congress in Detroit.*

Mr. Edwards, a past director of NACM and past president of the Credit Managers Association of Northern and Central California, was named vice president in charge of the loan supervision department of Bank of America in 1946, and ten years later was given top responsibilities covering all phases of the bank's loan and investment activities.

Out of the slow decline in per capita disposable income, adjusted for price rises, Federal Reserve analysts in a recent consumer survey reported that, for the first time in five years, the number of consumers feeling themselves worse off than in the previous year exceeded the total considering their position improved. Fewer participating in the survey expressed intention to buy homes than in late 1956, and most blamed "uncertain" income and employment prospects.

Up to Government Programs

"Housing demand, which seemingly evaporated when FHA and VA money became practically unavailable, may not surge forward again unless those Government-supported programs repeat their performance of 1954-55," Mr. Edwards declared. "Besides, with 11 million homes constructed in a 10-year period, backlog demand may be completely saturated, leaving only current requirements as a source of demand. Site saturation—lack of improved land and accessible sites for new development—is also considered unfavorable."

With various construction cost indices one-third to one-half above the 1947-49 averages, "it is logical that housing prices should have risen over the past decade about twice as fast as the prices of other consumer items," but until mid-1955 the credit buyer "did not notice higher prices because of the ever-longer terms of most sales contracts." Since then, however, the credit buyer definitely began to take notice because price increases affected his monthly payments.

"Priced out of the market in 1957, he may re-enter the market in 1958 only if credit terms loosen substantially—and, perhaps more important, only if more attention is paid by the industry to marketing a low-priced product."

Weighing the favorable and unfavorable factors, Mr. Edwards sees

"something of a standoff," with almost one million housing starts a year, and with nonfarm household formation averaging around 800,000 in 1958 and each of the next several years. Other factors, however, could give them a construction level above last year's. He estimated a net demand from demolitions and conversions at 150,000 units a year, and another net demand of 150,000 units from a rise in vacancies.

Thus household formation, demolitions minus conversions, and vacancies would "add up to a sustainable annual demand of 1,140,000 units annually for several years, compared with 1.2 million a year in 1950-56 and the total 990,000 in 1957. The boom totals of 1950 and 1955 would not likely be reached until the mid-1960s.

Impact of Other Factors

The impact of the rest of the economy upon housing is the question mark, he concluded, predicting that the decline will touch bottom in the third quarter, with the economy traveling "over the bottom of the saucer" for 9 to 12 months. A slow increase "should allow us to regain more than one-third of the lost ground by the end of the first quarter next year."

The speaker discussed sector-by-sector impacts of the recession. He doubted that consumers can bring about the increase in spending to stimulate early improvement in production and employment without a sizable growth in real disposable income. Two possible sources of this would be reductions in personal and possibly excise taxes, and a strong upturn in business investment, Government spending, or spending here by foreign countries.

Spotty Rise in Consumption

He forecast a spotty rise in consumption following the third quarter if taxes are reduced, coupled with improved liquidity and easier credit conditions. New auto sales, he said, may be under 4½ million units for 1958, and appliance sales below par the coming year. Soft goods expenditures, he predicted, will decline in the third quarter, but spending for services will rise strongly from a third-quarter low. "Income from profits for virtually all types of business will be hit relatively the hardest during the coming year but the greatest quantitative decline will occur in income accruing to wage and salary workers. The personal savings rate will be fairly well maintained."

Mr. Edwards foresees the greatest impact on investment expenditures, with reduced spending for plant and equipment continuing through next year, but he finds the outlook for inventory spending somewhat better, with less reduction later this year and an upturn in 1959.

In Federal Government spending he sees a growing source of strength in the 12 months since May, with State and local governments following suit.

In general, "recovery will begin late this year but the economy will still be somewhat below the 1957 high level at the end of the first quarter of next year. The Federal Reserve will continue to introduce easier credit conditions. Loanable funds will become amply available as the money supply expands, while their cost will tend to be reduced in the process. All this will mean new opportunities for the banks to expand business later in the year."

Department Stores Hold Their Own Despite Many Changes

Department store sales have substantially held their ground in spite of changing merchandising methods and consumer demands and the hegira to the suburbs, says the National Industrial Conference Board.

The Board reports an estimated 26.5 per cent of shopping for apparel and home furnishings was done in department stores last year, compared with 27.5 per cent in 1948, and these lines account for three-fourths of all sales of such stores. There was a drop of 2½ per cent in their sales of home furnishings but this was largely offset in the apparel field.

Heads Accountants Association

John B. Inglis, partner in Price Waterhouse & Co., New York, is the new president of the National Association of Accountants (formerly National Association of Cost Accountants).

DRAG ON TURNOVER OF RECEIVABLES

(Concluded from page 10)

to buy additional equipment or material from the company, with a profit to both and without added expense to pay for credit.

Mr. Krause cites a recent case. An order close to $500,000 was offered to several suppliers with instructions that unless the specified terms were met there would be little need to reply. Suppliers were also given to understand there would be no objection to using full list price. Accounts of this type normally receive 10 to 20 per cent discount, depending upon material. Discussion with other suppliers indicated the procedure in their quotations would be to add 5 per cent to list price. Hence the account would be paying up to 15 per cent for the terms he was demanding. Apparently no one had shown the purchaser that, by proper application for credit through normal channels, this transaction could have been financed easily at 10 per cent or less. Here, Mr. Krause says, is a typical case of a customer projecting his problems to his suppliers and paying quite heavily for the credit terms he may or may not actually require.

"When the bounds of credit are exceeded, the next and natural step is to arbitrarily restrict terms. This can be avoided if members of our fraternity meet the challenge—now, and readopt the methods and principles of selling employed five or ten years ago.

Ask What Bank Asks

"Our company's plan of operation is predicated principally on the purchaser's account as a whole, and we cooperate to the utmost with good accounts, just as would any progressive commercial bank. All that is asked of the purchaser is that which any banking institution might ask of any merchant—no more, no less: (1) that he be of the highest integrity; (2) that he have demonstrated ability to operate his business at a profit; (3) that he be financially sound, and (4) that his business be in proper balance.

"We are vitally interested that the purchaser have the ability to obtain every dollar of profit legitimately possible. What interest, then, should we have in the credit terms upon which we sell the purchaser, or the purchaser sells his customer? Simply the same interest his bank would have in analyzing his credit transactions to assure itself that the dealer was not taking too many speculative business risks, and that the future remains on as sound a basis as are his present operations.

Elastic for Worthy Customers

"To be sure, this is a matter of degree, or proportion. Our policy, therefore, must be sufficiently elastic that a worthy customer who is financially sound and has real merchandising ability, or an earning history, will be entitled to a greater latitude in his efforts to expand his business than the purchaser whose conduct of his business does not inspire confidence, who is not financially strong, has not demonstrated ability to run his business at a profit, or has not shown merchandising skill.

"The most constructive attitude should be taken in extending the fullest measure of help to those who may not be strong, to the end that they become stronger and more successful operators. Applying these principles to credit terms, the individual transaction will matter little, provided the average of all business done reflects sound credit selling methods.

"Our credit judgment must be supplemental to that of the purchaser. We must analyze his problem and give him the benefit of our credit experience, facilities and counsel.

"One wonders whether all these factors are woven into the fabric of the younger members of our fraternity.

"While credit merchandising is an important part of our job, it should also be etched into our professional consciousness that the turnover of our company's receivables is a most important factor that may become increasingly essential, a factor that needs our efforts, our energies and our steadfast resourcefulness."

Liberalize Tax Depreciation Policy, Government Asked

Immediate study should be undertaken by the Government for further liberalization of tax depreciation policy on a permanent basis, both to offset the current deficiency of historical-cost allowances and to speed the growth of the American economy, says George Terborgh, research director, Machinery and Allied Products Institute.

Liberalization should take the form of a compensatory speed-up of the historical-cost allowances if not as adjustment of depreciation to its current-dollar equivalent, declares Mr. Terborgh, editor of *Capital Goods Review*, in "The Tax Depreciation Problem."

KENTUCKIANS ALL. Tom McCormick, First National Bank and Trust Company, heads the new officers of the Lexington Credit Men's Association. Left to right: Mr. McCormick, president; Mrs. Lucy M. Snyder, secretary-manager; J. W. Mann, Lexington Herald-Leader Co., a director; and Albert E. Gross, Brock-McVey Co., vice president.

Insured Savings and Loan Associations Provide Pension Funds a Channel to Safety and Liquidity

TWELVE MILLION accounts, personal and corporate or trustee, are now invested in savings and loan associations with assets exceeding $49 billions, and millions of dollars are being added to them daily.

Besides earning dividends up to 4 per cent, every member account is insured up to $10,000 through the Federal Savings and Loan Insurance Corporation, a U. S. government agency, its officers appointed by the President with the advice and consent of the Senate.

By diversifying funds among 100 such associations, full insurance can be had on any amount up to a million dollars.

Channeled Investments

Pension fund administrators in increasing numbers are channeling a part of their investments into insured savings and loans associations for the primary considerations of safety of principal and liquidity, as well as yield, says Maurice Robbins, president of B. Ray Robbins Company of New York, authorized representative of many of these associations.

Mr. Robbins points to the associations as an investment medium also for trust funds, corporate, health and welfare and retirement funds, credit unions, fund reserves, profit-sharing plans, cash reserves, and supplemental unemployment compensation funds.

"Many financial executives have the impression that only personal funds are eligible for placement", he says. "Actually, the associations prefer corporate or trusteed funds because of their greater longevity as accounts. Whether a personal or company account, the dividend rate is exactly the same. So too is the insurance.

"The one important necessity is to limit each account to the $10,000 covered by the FSLIC insurance. This need to diversify larger amounts, however, does not mean that executives must negotiate with

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MAURICE ROBBINS, ***president, B. Ray Robbins Co., has been in savings and loan work since 1950, when he headed Insured Association Dividend Bureau, Boston. The previous 20 years he was co-owner of Eastern Manufacturing Co.***

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a number of associations separately in order to gain insurance for all their funds. This single-transaction feature is especially advantageous to funds on which administrative expense must be kept to a minimum."

For short-term needs he cites the cash availability of association accounts, plus the dividend rate. For a pension or profit-sharing trust the liquidity varies with the type of benefit provided, but because most trusts also provide for severance benefits, including death and disability, the association account obviates such steps as loss in principal by sale of stocks and bonds in a depressed market.

Under the self-funded pension plan for employees, the trustee accumulates or invests the funds needed, as determined by an actuary. The funds, when placed in association accounts, can await a favorable market.

Conversion of Life Insurance

In some insured pension plans employers invest in ordinary life insurance contracts with privilege to convert to a retirement income or annuity contract when the employee retires. Retirement income usually starts at age 65 but in practically all cases it is not paid to the employee until he actually retires. However, the insurance company may start paying it to the trustee. The association account can handle the placement of such funds.

Under a self-funded profit-sharing plan even greater liquidity is generally needed. Furthermore, it may be advantageous to the retiring employee to receive payments in instalments, as a lump-sum is subject to capital gain treatment, though he is not likely to have cause for worry over income taxes.

Where individual contracts are made under insured profit-sharing trusts, few if any insurance companies permit the trust to invest more than one-third of the initial profits shared in level premium policies, the balance being held as reserve for premium payments in years of little or no profits to be shared. The association account, Mr. Robbins adds, provides ready availability of the reserve or at least part of it.

The investment consultant notes various goals of a profit-sharing trust. The first is to keep all its capital working full time. With a savings and loan association account, practically all the fund's assets can be invested, with borrowing on the investment as low as 1 per cent over the dividend rate. Secondly, "since there may be periods when the employer's profits will be low, the employee's credits in the trust should be 100 per cent safe". Thirdly, investing in life insurance on the participant (usually 25 to 35 per cent of the employer's anticipated contribution) and investing the balance in associations, "you gain double insurance."

Usually the insurance can be converted to pay a higher rate of retirement income for life under the settlement option guaranties. The additional funds needed would be available in the association investment account.

"Using insurance in funding your profit-sharing plan enhances the psychological value of the fund in its earlier years," Mr. Robbins believes. "If a young employee with several children is informed that he has, say, $3,500 insurance on his life paid for by the trust and $200 in his account invested in obligations insured by an instrumentality of the U. S. government, the plan takes on added meaning, especially if the little lady at home knows about it."

Pushbutton Letter System Reduces Writing Time and Does Better Job

THE cryptic note from the credit manager read:

84 ab
(1) 11/4/57
(2) $370.60

In five minutes the typist had prepared from it a collection letter ready for the credit manager's signature. Letter number 84ab was destined for delinquent account 57632 whose name and address appeared on the statement. And because account 57632 was no ordinary slow-paying customer, this letter was no ordinary past-due notice. Toned to friendly understanding and persuasion, it read:

MISS SHEPPARD

"When a good customer like you lets payment on his account fall behind we try very hard to determine what the trouble may be.

"Just now while looking over your account I noticed that your — — invoice is still unpaid. But I also noticed that we have received several checks from you in payment of later purchases. So the thought occurs to me that you have simply overlooked the unpaid invoice, a copy of which is enclosed.

"If there is any error in this billing, please let us know and we will correct it. Otherwise I am sure you will wish to keep up your good payment record by promptly mailing us your check for $370.60.

"Thank you very much."

"Pushbutton" Letters

The "pushbutton" system that produces individualized collection letters such as this is known as CORRESPONDEX. It was devised by Miss Mona Sheppard, vice president, Leahy & Company, management consultants, New York, business-letter consultant to the Federal Government in its volume-correspondence problems in the Internal Revenue and Veterans Administration departments, and author of the handbook *Plain Letters.*

Ever since World War II the Federal Government has been reaping the benefits of the system in terms of better letters at lower cost. Within the last few years the system has been increasingly adopted in business and industry. Reports Miss Sheppard: "The 'correspondence brain' now is taking over the thankless, yet extremely important, credit department task of letter writing. In our own consulting experience we have found CORRESPONDEX adaptable to credit departments in all sizes and kinds of businesses, whether manufacturing, retail or wholesale, banking, publishing, utilities or other.

Cut from 48 to 10 Hours a Day

"With CORRESPONDEX the credit department of a large publishing house has reduced the time spent on letter writing from 48 hours to 10 hours a day. Reports the credit manager: 'We are up-to-date on our correspondence and we have slimmed our operating budget. Customer irritation is at an all-time low. What's more, we are on better than speaking terms with the sales department.'"

The high cost of tailoring individual letters makes particularly mandatory, in this period of shrinking profits, the application of efficiency-improving, cost-saving methods in office operations. The accompanying table of comparative letter costs compiled by the management consultant, shows average saving around $1.20 per letter with CORRESPONDEX, compared with the conventional dictated letter.

Credit Letterwriting Is for Experts

"Unlike most business writers, the creditman has not one but two audiences for his letters, neither of which is apt to applaud his efforts," Miss Sheppard shrewdly notes. "Before him is a 'touchy' group of slow-paying customers; on the sidelines stand the company's sales force, understandably jealous guardians of customer appeasement. With Management looking over his shoulder for results, the creditman is expected to produce letters that will extort dollars and at the same time avoid driving customers to other suppliers.

"This is a task that demands the practice of the difficult art of persuasion. Resultful collection letters are not reeled off by the simple expedient of a few minutes spent in hurried dictation. Writing any good letter takes a measure of time and

TIME AND COST FACTORS IN CREATING A TYPICAL ONE-HALF PAGE, 175-WORD LETTER

	Minutes Required			
Action	Steno Dictation	Machine Dictation	Guide (Correspondex Type) Letters	Form Letters
Planning What to Say	10	10	0	0
Dictation	10	5	0	0
Looking up a Letter	0	0	2	1
Transcribing - Typing	7	8	6	1.5
Reviewing - Signing	2	2	1	.5
Total Minutes	29	25	9	3
Cost in Terms of Salary	$.70 to $2.45	$.60 to $2.25	$.20 to $.30	$.08 to $.15

patience. And the writing of a satisfactory collection letter takes an extra measure of these hard-to-come-by values.

"When you read a smoothly written appeal for dollars you can be reasonably sure that some writer, or perhaps a team of writers, 'sweated it out' in the exercise of the art of persuasion."

What Correspondex Is

The CORRESPONDEX system utilizes a small desk easel with pockets that hold visibly indexed cards on which the model letters are printed. An easel approximately 18 inches high has a "brain capacity" for several hundred letters. Subjects are visibly indexed and coded, and any letter can be located in a matter of seconds and adapted by the typist to the specific situation.

"The CORRESPONDEX is designed to cope equally well with unusual situations and run-of-the-mill requests for payments," explains the business letter expert. "Take, for example, the blast from a good customer who has been offended by a past-due notice sent in error. If this happened too frequently the credit manager might be out of a job. But it does happen occasionally even in the most efficient departments, and the writing of an explanatory letter can be a tough job.

A "Bank" of Letters

"The CORRESPONDEX - equipped credit manager consults his 'bank' of letters. Scanning the subtitles under the subject 'Apology' he locates a model letter especially designed for his purpose. Here is an example selected from the CORRESPONDEX. It is for a tool manufacturer:

> **You are right, Mr. Green. That letter we recently wrote you asking for a payment was absolutely uncalled for. How we happened to send you a past-due notice when your account is current, it is difficult to understand. We simply pulled a "boner."**
>
> **I deeply regret this error and sincerely hope that you will not continue to hold it against us.**

Simple? Yes. But the simple letter

(Concluded on following page)

"Better Letters at Lower Costs", brochure giving further details about CORRESPONDEX, is available free from Leahy & Company, 350 Fifth Avenue, New York 1, N.Y.

that "talks" is the most difficult to write. The creditman who is short on time and patience seldom comes up with a dictated letter as readable and appropriate. More likely, his would be like the following one from a credit manager who is an expert financial analyst with no claims to writing skill.

This will acknowledge receipt of your letter of August 11 in which you protest the fact that past-due notice was forwarded to you by this department with your July statement.

Further examination of your account reveals that if you received such a notice it was inadvertently released, inasmuch as your account appears to be current according to our records. I would like to explain that we have some new clerks in the Department who are substituting for some of our regular employees now on vacation and under these circumstances we naturally have not been in a position to render our valued customers the usual efficient service.

It is hoped that you will overlook this error when you understand the position I have been in.

The customer receiving the above type of communication generally is in no way mollified upon learning of the credit manager's "position."

"Programming" Hints

"Like everything else that is easy to use, an efficient CORRESPONDEX is deceptively simple," observes Miss Sheppard. "It is not developed overnight by novices in letterwriting, classifying and indexing. The creditman who has the time and the bent for this work can devise a worthwhile tool. Otherwise he will need professional assistance for the job. In either case, the investment is recovered in a matter of months."

A few general hints on "programing" for CORRESPONDEX are offered by Miss Sheppard:

1. Assemble the subject matter. Do this by collecting copies of all letters written during a specified period. In a large credit department a two-week sampling is enough. In smaller departments it takes 4 to 6 weeks to get a representative coverage.

2. Sort the collection according to general subjects. For example: *Adjustments, Apologies, Credit Investigations, Collection, Holding Orders, Extending Time.*

3. Draft top-quality, readable, humanized letters to take care of varying situations under each subject. There may be four styles of letters under *Collection*, the first mildly conciliatory, the succeeding kinds gathering forcefulness to a climax of "pay or attorney."

4. Give each letter or paragraph a number. Identify optional parts of a letter by abc's. Number the blank spaces where dates, amounts, and other specific data must be supplied.

5. Print the model letters on cards that can be visibly indexed. For creditmen or correspondents, visibly index the collection by subject. For typists, index the same collection by number.

6. Don't be a "copy cat." Books of collection and credit letters or letters used by other companies are good reference sources, but there is danger in copying them. Customers are likely to get the same letters from several companies. Similarly, don't let your own letters get stale. Freshen them up at least once a year.

Use Printed Notice Sparingly

7. Don't use printed collection letters for more than first and second past-due notices. After a customer has had one or two printed notices, a typed letter will attract more attention. If the volume is high, automatic typewriters can be used.

8. Don't clutter the office with needless papers. With CORRESPONDEX it is not necessary to make file copies of letters. Use copies of monthly statements, if available, as work sheets for collection letters. The work sheet or an incoming letter with the reply coded thereon is all you need for the record.

"Experience has proved that 95 per cent of all credit and collection correspondence can be captured in CORRESPONDEX," Miss Sheppard notes. "With the cost of dictated letters averaging $1.50 as compared to an average cost of 30 cents for a manually typed CORRESPONDEX letter, the promise is a savings of more than $5,000 for every 5,000 letters mailed."

DOUGLAS S. CLARKE (left), vice president and manager of the credit department, Central National Bank of Cleveland, receives NACM's Certificate of Merit for outstanding service to the credit profession. Making the presentation is James E. Ham, secretary-manager, Cleveland Association of Credit Men. Mr. Clarke was 1956-57 president of the Cleveland organization and councillor and trustee the past year. He is president of the Cleveland chapter of Robert Morris Associates.

Consumers Dipping into Savings to Buy: Trend?

Consumers are spending more, not less, says the Department of Commerce. Its first quarter 1958 figures show consumer spending reached an annual rate of $281 billions, $4.3 billion higher than the first quarter a year ago. Total personal income in the first quarter piled up at a rate $4 billion larger than in the comparative 1957 period and total disposable income after taxes was $3.2 billion more than a year earlier.

Consumers' savings in the first quarter were at an annual rate of $18.3 billions, or 6.1 per cent of disposable income, compared with a rate of 6.6 per cent in 1957.

Gross national product for the first quarter 1958 was estimated at the annual rate of $424 billions, according to preliminary figures issued by the President's Council of Economic Advisers. The figure for 1957 as a whole was $434 billions. Inventory liquidation, a major factor in the decrease, in the first quarter 1958 ran at an annual rate of $7.5 billions, compared with the $2.7 billion rate in the final quarter of 1957.

Indiana Bank Launches College Fee Finance Plan

A deferred payment plan for college tuition which sponsors predict may have as great an impact on education as instalment lending has had on the automobile industry, now is offered by The Indiana National Bank of Indianapolis. Called "College Educations Assured," the plan finances the cost of a four-year college education with monthly payments spread over a period as long as six years. Payments may be made up to two years before student's enrolment in college.

Fourth Quarter Should Bring Upturn, Say Most Leaders in 12-Man Panel

BUSINESS has now "bottomed out" the downturn, and the remaining months of 1958 should show the upward movement under-way, say most observers of the economic scene in the following round-up of expressions by company and bank spokesmen.

Twelve leaders participated in a July panel on the second-half outlook, conducted by The First National Bank of Chicago. A sentence from each:

"There should be a slow and steady betterment in production, with a substantially accelerated pace in the fourth quarter."—*J. L. Block, president, Inland Steel Co.**** "It is improbable that any real upturn will occur until sometime in 1959."—*E. E. Brown, chairman, The First National Bank of Chicago.* ***"We believe that the (farm equipment) shipments in dollars and units are now ahead of last year at this time and that this situation will continue through the rest of 1958". —*W. A. Hewitt, president, Deere & Co.****

Improved Business Psychology

"Both consumer and business psychology will improve from the expansion of employment which will be associated with the revival in production activity."—*T. V. Houser, director, Sears, Roebuck & Co.**** "One of the most promising areas for development in the commercial aviation field in the immediate future is the need for a short-haul modern airplane for both passenger and freight service."—*R. T. Hurley, chairman and president, Curtiss-Wright Corp.**** "Despite the unfavorable business climate of the (first) six months, the electric utility industry has again demonstrated stability and growth in its operations."—*J. S. Osborne, president, Central and South West Corp.****

"Sales of the electrical manufacturing industry in the second half . . . will show a rising tendency."—*G. A. Price, chairman, Westinghouse Electric Corp.**** "We continue to see a decline of about 1 to 2 per cent in the rate at which new construction is put into place."—*J. R. Price, chairman and chief executive officer, National Homes Corp.**** "A continuance of unsatisfactory earnings until September is apparent, leaving the possibility of favorable earnings in the last two months of the fiscal year."—*W. W. Prince, president, Armour & Co.****

Sales on Ascending Basis

"The final quarter should show sales on an ascending basis as the result of the stimulation of new model introductions."—*G. W. Romney, chairman and president, American Motors Corp.**** "Earnings for the railroad industry should improve moderately, but will remain thin by comparison with other industries."—*J. M. Symes, president, The Pennsylvania Railroad Co.**** "Several factors seem to promise more favorable results" for the petroleum industry.—*Dr. R. E. Wilson, Chicago.*

Five-Point Plan to Speed Recovery is Suggested

A five-point plan to speed the recovery, outlined by Herbert I. Segal, president, Van Norman Industries, Inc., New York City, has application to all areas of the economy and calls for tax reduction through:

1) Home Owners Repair program, permitting home owners to deduct from taxable income the cost of home repair up to a percentage of original cost of house; 2) Personal Automotive Repair program, permitting owners to repair personal cars and deduct this cost from taxable income to the extent of a percentage of original cost of car; 3) Capital Goods Incentive Program, which would permit users of machinery to apply accelerated depreciation to all new machinery purchased and installed within a 12-month period, providing 96 per cent depreciation in three years; 4) Commercial and Apartment Building Repair program, under which costs of physical repairs and improvements would be charged to taxable income; and 5) Excise Tax Reduction program, which would reduce excise taxes on automobiles, automobile accessories, appliances and other consumer durable goods.

Legal Rulings and Opinions

No man has a right to do as he pleases, except when he pleases to do right.
—C. Simmons

U. S. Supreme Court Roundup

THREE opinions affecting applications of the Robinson-Patman Act and rulings in the areas of labor unions, taxes and bankruptcy, highlighted activity of the U. S. Supreme Court in the term closed by the summer recess. The Court reconvenes October 6th.

Robinson-Patman Cases

The Court's rulings in Robinson-Patman cases:

1. Standard Oil of Indiana was acting in "good faith" when it reduced prices for four large customers in the Detroit area without reductions for smaller retailers;

2. Private suits for treble damages may not be brought under Section 3;

3. The Federal Trade Commission may issue a cease-and-desist order against a firm's pricing policies which it has found illegal, and need not suspend the order until it issues similar orders against its competitors.

Labor and Unions

Concerning labor and unions:

1. The Taft-Hartley Act has not deprived state courts of power to award damages to individual workers who believe they have suffered by union action.

2. Including a "hot cargo" clause in a contract does not protect a union from the secondary boycott provisions of Taft-Hartley. Such clauses, inserted to keep union members from being forced to handle non-union products, were not declared invalid, however, the majority of the justices made clear.

3. An employer may enforce a non-solicitation rule against unions active in his plant even if he engages in anti-union solicitation. However, the Court held unconstitutional an ordinance of Baxley, Ga., which required that a union organizer obtain a permit, pay an annual $2,000 license fee and $500 additional for each member obtained.

4. An employer may not insist that a collective bargaining agreement contain (a) a clause calling for a secret vote of all employees before the calling of a strike and (b) a "recognition" clause excluding an international union as a party to the contract.

Taxation Rulings

On tax matters:

(1) States have power to tax personal and real property belonging to the government but being used by private parties for their own gain;

(2) The government, in absence of a lien, may recover unpaid taxes from the beneficiary of an insurance policy only to the extent state law imposes such liability in favor of other creditors of the insured;

(3) A taxpayer must pay the full amount of an income tax deficiency before he may challenge its accuracy by suit for refund.

Bankruptcy

In bankruptcy cases (letting stand two lower court decisions):

(1) Contributions to an employee welfare plan are not "wages" and may not receive special priority in a bankruptcy;

(2) Assignment of a claim for customs duty is a preferential transfer and can constitute an act of bankruptcy.

Fair Trade

On Fair Trade the Supreme Court let the following lower court rulings stand:

(1) A discount house in an area that has no Fair Trade laws may advertise in a state that does, and may take mail orders from people living in that state;

(2) A producer may not enforce Fair Trade agreements if there is any competition between him and his retail customers.

The Supreme Court let stand the decision of a lower court that a shipper is solely responsible when containers he consigns to a common carrier leak and damage other shipments.

Bank Defalcations Halved In 1957; Other Crimes Up

Bank defalcation losses in 1957 aggregated $4.8 millions, compared with $9.5 millions in 1956. Strengthened internal controls and audit procedures are paying off, according to Thomas F. Glavey, chairman of the insurance and protective committee of the American Bankers Association, which released the figures in its semi-annual report. Defalcation losses of $10,000 or more for the year 1957 showed 80 cases involving $4,756,741, against 1956's 74 cases involving $9,449,780. Five banks were underinsured to the extent of $1.1 millions and only one of the five underinsured banks was taken over by supervisory authorities.

The number of reports made to the Federal Bureau of Investigation covering losses which might be due to violations of banking laws was higher in 1957 than in 1956 but the sums involved were lower. In 1956, there were 1,117 reports to the FBI involving losses of $9.4 millions; in 1957 the reports totaled 1,301, involved losses of $6.2 millions. Crimes of violence increased 72 per cent in the six-month period ending Feb. 28, 1958, compared with the similar 1957 period. Lone bandits accounted for 70 per cent of the 145 holdups reported.

30% of Working Capital Is Tied Up in Inventories

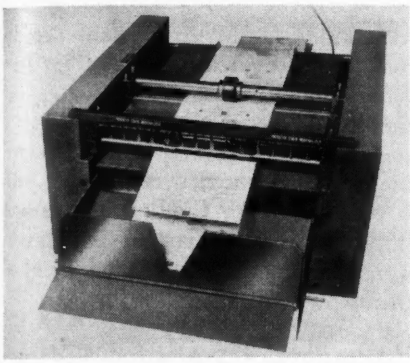
Three major factors constitute a major problem for the average U.S. business out of the fact that nearly 30 per cent of working capital is tied up in inventories, says the National Industrial Conference Board. The three are:

The value of trade and industry inventories in 1957 totaled more than $90 billions; changes in total inventories and in production tend to lag behind changes in sales activity, and failure to provide an inventory control program looking beyond current sales demands can result in the wiping out of an entire year's profits in a single adjustment period.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

Static Eliminator



511 MAGIC WAND Static Neutralizer device controls and eliminates static interference which often hampers delivery of paper from duplicators, bursters, collators and other office machines. Unit is mounted on machine where concentration of static is greatest. As paper passes beneath the special wire tufts, ionization of the air occurs, dissipating static. Device is not connected to any current source; a simple ground wire is only connection needed. Easily attached in seconds by means of simple brackets or spring clips, unit is in every way safe to use, says distributor Dillon-Ford & Company.

10-Key Calculator

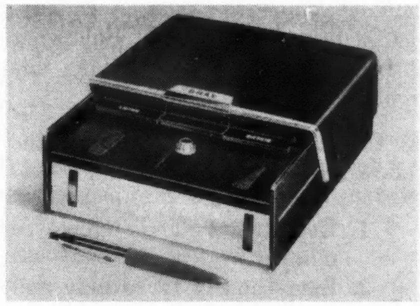
512 Simplicity of adding-machine operation and low cost are features of the recently introduced Special Automatic Printing Calculator of VICTOR ADDING MACHINE COMPANY, which divides, multiplies, adds and subtracts through one simple control and with only the ten-key keyboard. The operator sets the Simpla-Key master control lever for the function desired, enters the figures on the keyboard; the calculator then automatically prints all essential figures and the answer on a paper tape. One model in the line performs division by reciprocals.

Office Beverage Unit

513 Attractively styled new pressure-type OASIS Hot 'N Cold Model 5 PR-HC electric water cooler in the "Constellation" series of The Ebco Manufacturing Company is equipped to serve hot or cold beverages: coffee, chocolate, soups. Unit has refrigerated compartment and two ice cube trays. Cabinet is finished in harmonious desert dawn color. For brochure, write us.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

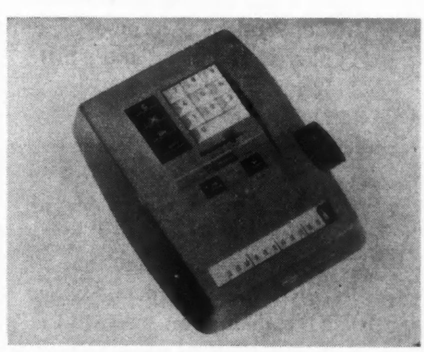
Book-Size Dictating Unit



514 Fully transistorized and shock-resistant, the new GRAY AUDOGRAPH KEY-NOTER Dictating-Recording instrument is ideal for travel as well as office use. It is 6¾" wide x 8¾" deep x 2¾" high, weighs only 5 lbs 10 oz. Device uses a standard 20-min. disk which can be mailed. Pushbutton control for "Talk" and "Listen." Unit is completely compatible with its other recording-transcribing equipment, says maker Gray Manufacturing Co., and can be had in black or color.

"6-lb." Calculator

515 Intended economically to provide calculator convenience and efficiency on field trips as well as on every desk in the office, the BDC CONTEX 10-key Calculator of Bohn Duplicator Corporation weighs only 6 lbs., measures 10"x7"x3½" overall, and is easily carried in briefcase or stored in drawer. Machine does four operations; is manually operated but instead of a handle has an actuating bar. Capacity is 10 digits entered, 11 total; speed up to 400 cycles per min.



How Computer Manufacturer Applies System to Process Its Own Payroll

The ALWAC Corporation, at its Western regional computing center, Hawthorne, Calif., regularly processes its own payroll of the hourly employees and the salaried employees on the ALWAC III-E. Following is from their bulletin describing this application.

A. Employee cards containing the following information:

INPUT:

1. Department and employee number.
2. Rate (hourly for weekly and monthly for semi-monthly paid)
3. Number of dependents.
4. Insurance.
5. Bonds.
6. Name of employee.
7. Gross to date.
8. Withholding to date.
9. FICA to date.
10. SDI to date.
11. Other deductions to date.
12. Social Security number.

B. Time cards containing the following information:

1. Department number, employee number, and shift.
2. Regular hours.
3. Overtime hours.
4. Other deductions.

The input cards are read in, in the following order:

1. Employee cards (maximum 100 in each batch).
2. Time cards (corresponding to the employee cards).

OUTPUT

A. Punched employee-cards with new up-to-date amounts and for the rest the same information as on the input cards.

B. Punched pay cards with the following information:

1. Department number, employee number, and shift.
2. Regular hours.
3. Overtime hours.
4. Regular earnings.
5. Shift earnings.
6. Overtime earnings.
7. Gross earnings.
8. Withholding deduction.
9. FICA deduction.
10. SDI deduction.
11. Insurance (deducted once a month).
12. Bonds.
13. Other deductions.
14. Net pay.
15. Date.

After having typed the entry address to start the routine, the pay date (day, month, year) is typed on the Flexowriter. After this the employee input cards are read in, one after another, to be stored on the drum. Then the machine reads in one time card at a time, calls for the corresponding employee card already stored on the drum, makes the computations and punches out first the new employee card and then the pay card. Then the machine reads in the next time card. The input cards are sorted by employee number.

The output employee and pay cards are separated by a sort control punched in card columns 79 and 80. The pay checks and payroll register are printed from the pay cards and employee cards on a tabulating machine (off line).

The running time for the complete payroll is about 50 minutes, says the company.

Sharp Increase in 60's-70's In Municipal Bond Financing

An "unprecedented demand" for capital expenditures on the part of state and local governments seems certain in the late 60's and early 70's, reflecting a sharp increase in the rate of family formation when the postwar baby crop reaches maturity, and the consequential rise in demand for municipal services, according to an article in the quarterly IBA Statistical Bulletin of the Investment Bankers Association of America. The Bulletin notes that a record volume of municipal bonds, $2,182 million, was sold during the first quarter, 26 per cent greater than the same quarter of 1957.

Heads Robert Morris Chapter

J. B. Reboul, assistant vice president of Chase Manhattan Bank, has been elected president of the New York Chapter of Robert Morris Associates.

In the News

ABRAHAM BORDOW, treasurer, Charles W. Carvin Co., Inc., New York, N.Y., is recipient of the Gold Key of Merit Award, tendered by the Jewish Culture Foundation.

EDWARD J. HOYT, assistant credit manager of United States Rubber International, filed as a candidate for the board of education of East Paterson, N.J. Mr. Hoyt is a member of the administrative committee of NACM's Foreign Credit Interchange Bureau and chairman of its Hardware, Automotive and Allied Trades Group.

MISS LIBBY KAYE of Eaton Manufacturing Company, Cleveland, is president of the Northern Ohio Industrial Editors Association.

CHARLES L. LEIST, assistant comptroller, Chase Manhattan Bank, has been elected president of the New York Conference of the National Association of Bank Auditors and Comptrollers.

FRED A. SCHULTZ, assistant secretary of Unity Mutual Life Insurance Company, Syracuse, N.Y., is 1958-59 international president of National Office Management Association.

EDWARD A. SULLIVAN, past president of the Richmond Association of Credit Men and retired general credit manager of Virginia-Carolina Chemical Company, is chairman of the fund campaign for the Mental Health Association of Richmond.

WILLIAM A. ALLEN, past president of the Akron Association of Credit Men, has been named assistant treasurer of the Better Business Bureau of Akron, Inc.

ALBERT E. MCCORMICK, treasurer and a director of Revere Copper & Brass Co., Inc., and member of the New York Credit & Financial Management Association, was honored by the Morris County American Legion for his services as national executive committeeman alternate of the New Jersey veterans' group.

HERBERT R. SILVERMAN, president of James Talcott, Inc., is the new president of New York University's Alumni Federation.

Guides to Improve Executive Operation

KEEPING INFORMED

How to Reproduce Telegrams in Your Advertising answers most frequently asked questions about the reproduction of telegrams in advertising. Also explains other WU services such as "Operator 25" local dealer referral and market research and opinion survey. 8-page folder; free. Write Western Union Telegraph Co., 60 Hudson St., New York 13, N.Y.

Modern Banking Services for Faster Availability of Business Funds—Booklet outlines some of the newer services Cleveland Trust is providing for its corporate customers. Free, from The Cleveland Trust Co., Cleveland 1, Ohio.

A Tax Program for Small Business, by Dr. George E. Lent, economist, Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. Write Dr. Lent for free copy of the 28-page bulletin.

Steel and Inflation: Fact vs. Fiction—The financial story of United States Steel Corporation "after 17 years of inflation," with tables and charts to support the data about U. S. Steel's costs, prices and profits. An answer to an investigation into steel prices by a Senate subcommittee headed by Sen. Estes Kefauver. 296 pages. For copies write Public Relations Department, United States Steel Corporation, 71 Broadway, New York 6, N.Y.

Accountants' Supply House 1958 catalog, 100 pages, illustrated, includes everything for the office from pencils and paper clips to machine bookkeeping equipment and steel office furniture, at worth looking-into prices. For copy, write Accountants' Supply House, 305 Canal Street, New York 13, N.Y.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

697—"Reference Manual of Steel Equipment #485", 48 pages, illustrating various types of steel shelving, drawers, lockers, work benches, and other office, warehouse equipment is offered free by EQUIPTO.

▼

698—Simplified method for producing catalogs, price lists, other frequently changing published lists, "Flexoprint" is described in 20-page illustrated booklet of Remington Rand. Ask us for KD-849.

▼

700—"Portfolio of McBee Methods for Professional Accountants," is comprehensive analysis of specific ways the company's products and methods serve accounting needs. Of interest to all concerned with accounting methods. Available at no charge; write us.

▼

701—"Verifax Copying — Versatile Time-Saver for Busy Offices", 16-page illustrated booklet of Eastman Kodak Co. tells in capsule case histories how companies save with office copying system.

▼

702—"Hercules" Home Vaults, descriptive leaflet of Meilink Steel Safe Co., illustrates different types and gives specifications. Ask for HVS-58.

▼

703—Catalog of Office and Factory Equipment, 16 pages, profusely illustrated, lists furniture and equipment available from General Industrial Co., with specifications and uses.

▼

704—Clary Corporation brochure SA-81 describes complete line of company's electronic digital recording equipment. 6 pages.

BOOK REVIEWS

Wage Incentives as a Managerial Tool—William B. Wolf, University of Washington college of business administration. 143 pages. Price $3.50. Columbia University Press, New York.

• A study, begun in 1944, of the use, advantages and pitfalls of wage incentives in manufacturing plants, with a discussion of problems of administration. The author concludes that, as company profits grow and the power of labor increases, the disadvantages of wage incentives often tend to outweigh the advantages. Several types of incentive plans are described; 26 cases are included.

ALSO RECOMMENDED

Federal Tax Collection And Lien Problems is a reprint of a two-instalment treatise (544 pages) which appeared in Tax Law Review (copyright 1958 by New York University School of Law), issues of March and May. The detailed analysis is footnoted with hundreds of references to court decisions. For copies ($2.00 each) write William T. Plumb, Jr., associate, Hogan & Hartson, Colorado Bldg., Washington 5, D. C.

Finding And Using Your Magic Emotion Power—By Eugene J. Benge. The career psychologist presents recent findings of psychology, sociology, religion and medicine to show the relation of emotion-power to vitality and success, to ability to think and do. A challenging stimulant for the subjective reader. 185 pages. $4.95. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

Business Looks At Banks—By George Katona. 184 pages. $5.00. The University of Michigan Press, Ann Arbor, Mich.—More than 300 top executives of large and medium-size companies cooperated in this nationwide sample interview study by the university's Survey Research Center, on a grant by one of the largest banks. Among subjects covered are financial decisions by businesses and the role of such factors as habitual behavior, inertia, conservatism, and personal relations and contacts. That banks give satisfactory service to business was one overwhelming conclusion.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

 BEGUN ON PAGE 6

fiscal 1958 after two years of operation in the black. Looking ahead, Administration representatives see a further deficit of more than $12 billions for the current (1959) fiscal year, even topping the peak $9.5 billion deficit reached in the Korean War. In the past year Federal outlays aggregated $71.9 billions against receipts of $69.1 billions. President Eisenhower has warned that the nation faces "several years" of deficit financing. This prospect figured strongly in the Administration's request for an increase in the permanent debt ceiling to $285 billions and in the temporary debt ceiling to $288 billions.

The Chase Manhattan Bank reports the nation's total private, business and public debt is now at $750 billions.

Senate and House conferees agreed on a four-year renewal of the Reciprocal Aid Program.

Robert L. Roper

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

¶ THE FEDERAL RESERVE BOARD increased to 70 per cent (from 50) the margin requirements for buying and selling stocks and bonds, "to prevent excessive use of credit for purchasing and carrying securities." The Board's representative had statistics to show such credit had increased markedly this year.

¶ AN INTERIM report of the short-run economic effects of the $1 minimum wage under the Fair Labor Standards Act, presented by James P. Mitchell, secretary of labor, includes these conclusions:

1. Some evidence of small amount of unemployment, especially in southern sawmill and apparel industries, and indications of reduction in hours of work to reduce overtime premium pay;
2. At least part of price increases for some products of low-wage industries attributable;
3. Improvement in plant efficiency reported by a few employers;
4. Some increases in earnings of workers previously paid $1 an hour or more; general narrowing of wage differentials in industries surveyed.

¶ CATTLE population of the United States is the smallest since 1952, but total value is higher than a year ago due to sharp increase in market prices. There were 93,967,000 cattle on farms and ranches at the turn of the year, 1 per cent fewer than a year ago, but the value was $11,234,712,000, says the Department of Agriculture.

Hog population, practically unchanged, was 51,559,000, valued at $1,552,767,000. Sheep and lambs increased 2 per cent, to 31,328,000, with 1957 valuation $601,929,000. Total horses and mules decreased 6 per cent, to 3,348,000, at $280,942,000.

¶ PENALTIES would be in order for tobacco farmers who plant more than one crop on their allotted acres in a single year, under the provisions of a bill passed by the House and sent to the Senate.

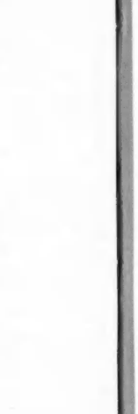
¶ APPROVAL of a food stamp plan to get surplus foods to needy persons was urged by an official of the National Farmers Union, in an appeal to an agricultural subcommittee of the House.

And the agriculture committee was asked to approve legislation authorizing voluntary deductions on livestock sales to finance meat promotion campaigns. Spokesmen for the National Beef Council, American National Cattlemen's Association and other livestock organizations made the plea.

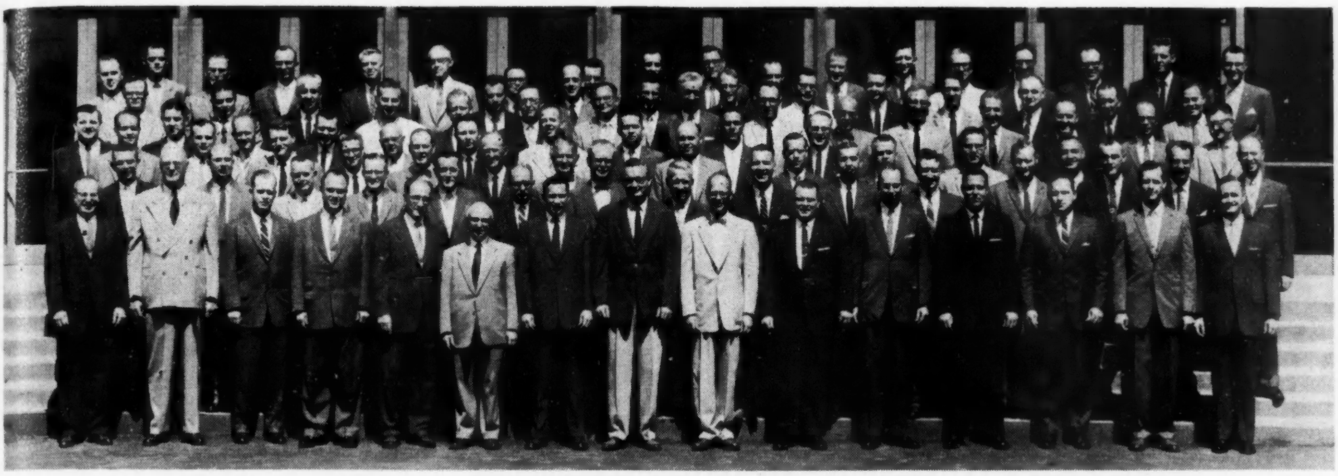
¶ AGREEMENT on general principles for the proposed European Free Trade Area should be expedited as the first step toward final action, said René Sergent, secretary general of the Organization for European Economic Cooperation, at a New York luncheon sponsored by the National Foreign Trade Council.

The first 10 per cent tariff reduction was scheduled January 1st by the six-nation European Economic Community (the "Common Market," including France, West Germany, Italy, the Netherlands, Belgium and Luxembourg), and 11 other nations have joined them in plans to negotiate trade liberalization. The Free Trade Area would include the 17 member nations of the OEEC.

¶ COMBINING the Government's new forecast of a 963,636,000 bushel winter wheat crop and a predicted below-average spring wheat output of 175 million bushels would give 1.139 billion bushel wheat production, almost 200 million more than last year and adding possibly 150 million bushels to the reserve and surplus. It could erase gains of the last two years by the department of agriculture in reducing supplies under the soil bank program.



Favorable soil moisture in a great plains area where drouth had prevailed in previous years was credited for the estimated increase of winter wheat production.



Members of Student Body and Faculty at NACM's Graduate School at Stanford University

19 Receive Executive Awards at Stanford "U"

NINETEEN business executives were presented with the Executive Award on completion of the three-year course given by the Graduate School of Credit and Financial Management at Stanford University's graduate school of business, at Palo Alto, Calif. The graduates represent many different lines of business and industry.

This was Stanford's seventh summer session of the school conducted by the Credit Research Foundation of the National Association of Credit Management. A duplicate session at Dartmouth College, Hanover, N.H., opened August 3rd.

The commencement address at Stanford was given by William J. Dickson, consultant, credit and collection service, General Electric Company, New York, and executive director of the school.

This year's Stanford session included 87 students and 13 faculty members.

Herman J. Hoff, credit analyst, Pacific Finance Corporation, Los Angeles, received the Alumni Association Honor Merit Award as the senior who had made the most outstanding contribution to leadership in the class and to the school.

George E. Spencer, district credit manager, U.S. Steel Products Division of U.S. Steel Corporation, Los Angeles, won the American Petroleum Credit Association Award for the best management study report on the basis of value to credit and financial executives and originality of material. His topic was "A Study of the Distribution Methods Employed for Certain Products by the U.S. Steel Products Division, U.S. Steel Corporation."

The Graduates

Following are names of the graduates:

CALIFORNIA

Alturas — KENNETH G. CLARKE, branch manager, Bank of America NT&SA.

Chico—LESTER V. SANDERSON, vice president & manager, Crocker-Anglo National Bank.

Downey—ALVIN B. SPRINGER, branch manager, Bank of America, NT&SA.

Fremont—ELWOOD A. WEITMAN, branch manager, Bank of America NT&SA.

Long Beach—HARRY D. BELL, branch manager, Pacific Finance Corp.

Los Angeles—FRED B. BREMER, credit manager, Union Oil Co. of California; HERMAN J. HOFF, credit analyst, Pacific Finance Corp.; GEORGE E. SPENCER, district credit manager, U.S. Steel Products Div. of U.S. Steel Corp.; RICHARD W. STARR, assistant vice president and manager of credit department, California Bank.

Oakland—SPENCER N. SMILEY, JR., assistant vice president, Crocker-Anglo National Bank.

San Francisco—EDWARD L. HENDERSON, assistant cashier, American Trust Co.; FRANK J. KEANE, assistant cashier, Bank of America NT&SA; RALPH M. WEINRICHTER, assistant credit manager, California Packing Corp.; ROBERT G. WINDEN, assistant vice president, Wells Fargo Bank.

COLORADO

Denver—JOHN D. ROBERTSON, regional credit manager, New Holland Machine Co.

ILLINOIS

Chicago—RICHARD F. GRISIER, district credit manager, U.S. Steel Corp.

UTAH

Salt Lake City—JOHN E. DRISCOL, regional credit manager, Standard Oil Company of California.

WASHINGTON

Seattle—JOHN B. GORDON, assistant vice president and branch manager, National Bank of Commerce of Seattle; R. LEROY PETERSON, credit manager, adhesive, resin & chemical div., American-Marietta Co.

"Nature has given man one tongue, but two ears, that we may hear twice as much as we speak."
—S.E. News

NEWLY ELECTED executive family of the Knoxville Wholesale Credit Association. Seated (l to r): J. C. Terry, C. M. McClung Co., association vice president; Dean Spencer, Valley Appliances, Inc., president; Terry Horn, Terry Horn Seed Co., vice pres.; Miss Ruth Davis, secty.-mgr. STANDING: Charles Rymer, Chapman Drug Co., treas.; T. Edward Meek, J. Allen Smith Co., councillor; H. M. Webster, asst. secty.; and Mrs. Juanita Ford (inset), vice pres.

A lot of good could be accomplished if we were not too particular as to who gets the credit.
—N. A. Rombe

Nicaragua Leads in Both Credits and Collections

Nicaragua led the field in both commercial credits and collections in Latin-American markets in the 60th semiannual survey by NACM's Foreign Credit Interchange Bureau. Following closely were the Dominican Republic, British, French and Netherlands Possessions, Haiti and Panama.

Creditwise, 10 countries improved their positions in the first half of this year, 13 lost points and one remained unchanged. Colombia gained 25 points and advanced from the "Fair" to the "Fairly Good" credit classification. Haiti gained 20 points. Costa Rica lost 29 points, Uruguay 23, Bolivia 20, Argentina and Peru 18, and Chile 17.

In collections, 12 countries improved their ratings, 9 lost points and 3 remained unchanged. Here again Colombia led with a gain of 13 points. Uruguay lost 15, Costa Rica 10, Venezuela 9.

Comparing credit terms granted in the first half of 1957, changes again generally reflected the trend of collection experience. "More Liberal" terms were granted in improved or "prompt-pay markets" and a tightening of terms was evident where payment performance had proved unsatisfactory. "More Liberal" terms this year were reported by 13% of the members on their business in Haiti and by 9% in Argentina and Ecuador. "Less Liberal" terms were allowed by 14% in Uruguay, 12% in Bolivia and Chile, 9% in Argentina and Peru, and 8% in Cuba and Venezuela.

Deaths

M. F. Moore Dies: Had Headed Eastern Pennsylvania's Unit

Morgan F. Moore, former president of The Credit Men's Association of Eastern Pennsylvania, died following a heart attack.

Mr. Moore, long active in the association, had transferred last year to Summit, N.J., new district office center of the Lumbermen's Mutual Casualty Company, and made his home at Madison, N.J.

W. C. Cannon of Pure Oil Dies; Headed Carolinas Credit Unit

W. C. Cannon, division credit manager of Pure Oil Company, who died at his home in Charlotte, N.C., was a past president of the National Association of Credit Men, Carolinas Unit, Inc.

Mr. Cannon was a member of the American Petroleum Credit Association.

Mrs. L. K. Bullman

Mrs. L. K. Bullman (Ruby Sale) was secretary-treasurer of Hagan Supply Corporation, Norfolk, Va.

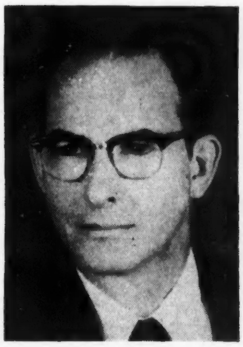
William A. Haney

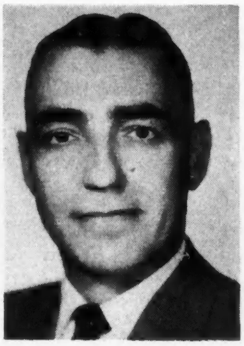
William A. Haney, secretary-treasurer of Anchor Sanitary Company, died recently in Pittsburgh. Mr. Haney was starting his second year as first vice president of the Credit Association of Western Pennsylvania. He was a past Exalted Superzeb of the Pittsburgh Herd of the Royal Order of Zebras and had served as Atlantic Ranger of the National Herd.

FIVE directors for three-year terms were elected by the Cincinnati Association of Credit Men at the annual dinner. Seated (l to r) Miss Betty Stone, assistant secretary, Neon Engineering Co.; Victor E. Cummins, credit manager, Mead Board Sales, Inc. STANDING: Robert E. Grever, treasurer, Harvey Seybold Co.; Norbert Backhus, collection manager, Trailmobile, Inc., and William B. Behrens, treasurer, Randall Co., past president.

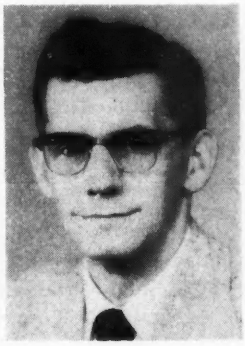
Association President and Chairmen of Four California Branch Offices


W. H. KEPLINGER
President


G. E. MINNEAR
Fresno


IRVING COFFMAN
Sacramento


WM. ROBERTSON
San Jose


HAROLD RILEY
Stockton

A new five-man executive team is setting the tempo for 1958-59 in the forward march of the Credit Managers Association of Northern and Central California. William H. Keplinger, association president, has the following working with him as executive chairmen of the four branch offices:

Glennon E. Minnear, Fresno; Irving Coffman, Sacramento; William Robertson, San Jose, and Harold Riley, Stockton.

Under the novel arrangement the executive chairman of each office and his committee members are the governing body of the branch. They are represented by a committee member on the association's board of directors. The branches have their own committees, with chairmen, comparable to those of the headquarters association, such as committees on education, legislation, publicity. Association committees' chairmen forward copies of minutes of their meetings to the chairmen of the branch offices' committees.

The managers of the branch offices operate under supervision by Carroll E. Swanson, executive manager-secretary of the association.

President Keplinger, general credit manager and assistant treasurer of Crown Zellerbach Corporation, San Francisco, is a graduate of Ohio University, which presented him with its Distinguished Service Award in 1955. He did graduate work at the University of Illinois, and attended the NACM Graduate School of Credit and Financial Management at Stanford University.

Mr. Keplinger was with The B. F. Goodrich Company in Akron before his Navy service, and returned to become executive credit supervisor of Zellerbach Paper Company, advancing to general credit manager of Crown Zellerbach in 1953 and adding the duties of assistant treasurer in the following year.

Mr. Minnear, executive chairman at Fresno, is assistant cashier and senior district adjuster, Bank of America NT&SA. He has taken many of the courses offered by the American Institute of Banking, is active in the Fresno City and County Chamber of Commerce and in the Parents-Teachers Association.

Mr. Coffman, who attended Washington State College, began his business career in Old National Bank, Spokane, turned to credit in a brief association with Shell Oil Company. Joining Union Oil Company 22 years ago, he is credit manager at Sacramento, where he now is executive chairman of the association's branch.

Assistant vice president of the San Jose main office of Bank of America, William Robertson is executive chairman of the association branch there. Mr. Robertson, born and educated in Scotland, started his career with the bank in the year of his arrival in America. He was enrolled this year in NACM's Graduate School at Dartmouth.

The chairman of the Stockton office is Harold Riley, assistant secretary of Crispie Potato Chip Company, which he had joined in 1950 as an accountant. Mr. Riley, who received his degree in business administration from Humphrey's Business College, has headed committees and groups of the credit association and is past president of the Stockton chapter of National Office Management Association.

Break Psychological Freeze of Consumer Funds, Urges Bullis

The food industry and agriculture are "two bright spots" in the economic scene but businessmen must "break the psychological freeze of consumer funds", said Harry A. Bullis, chairman of the board of General Mills, in a symposium presented by the United States Chamber of Commerce in Washington.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

WINNIPEG, MANITOBA
September 12-13
North Central Credit Conference including Minnesota, North Dakota, Winnipeg. Host: Manitoba Division of The Canadian Credit Men's Trust Association, Ltd.

NEW ORLEANS, LOUISIANA
September 17-19
Advertising Media Credit Executives Association

CEDAR RAPIDS, IOWA
September 17-19
Tri-State Credit Conference, including South Dakota, Nebraska and Iowa

NEW YORK, NEW YORK
September 18-19
NACM Credit Management Workshop

MILWAUKEE, WISCONSIN
September 18-19
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

SAN FRANCISCO, CALIFORNIA
October 9-10
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

EL PASO, TEXAS
October 10-12
Annual Southwest Credit Conference, including Oklahoma, Texas, Arizona, Arkansas, Louisiana and New Mexico

ATLANTA, GEORGIA
October 12-15
Annual Conference of American Petroleum Credit Association

ST. JOSEPH, MISSOURI
October 16-18
Quad-State Credit Conference, including Kansas, Missouri, Southern and Western Illinois

ATLANTIC CITY, NEW JERSEY
October 16-18
NACM Tri-State Conference, including New York, New Jersey and Eastern Pennsylvania
Host: New York Credit & Financial Management Association

BIRMINGHAM, ALABAMA
October 16-18
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

WORCESTER, MASSACHUSETTS
October 22-23
New England District Credit Conference, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

DAYTON, OHIO
October 23-24
Ohio Valley Regional Credit Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan

MINNEAPOLIS, MINNESOTA
October 24-26
Annual Midwest Credit Women's Conference

WHITE SULPHUR SPRINGS, W. VA.
November 9-12
Annual Fall Conference — Robert Morris Associates

TACOMA, WASHINGTON
March 19-20, 1959
Pacific Northwest Annual Credit Conference, including Idaho, Oregon, Washington, and British Columbia

DALLAS, TEXAS
May 3-7, 1959
63rd Annual Credit Congress

Wall Street Regains 60 Per Cent Of Losses Incurred Last Year

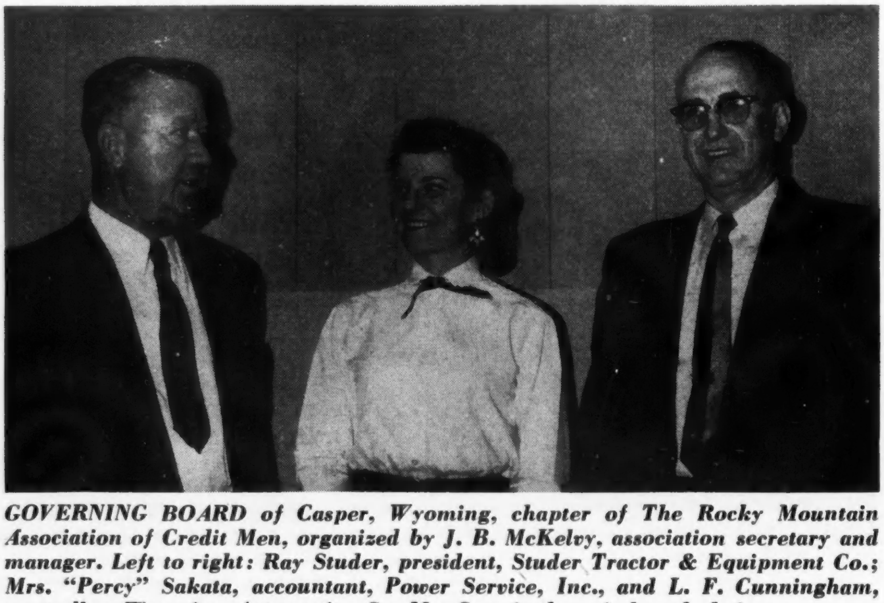
Wall Street in the first half of this year recovered more than 60 per cent of its loss of last year, despite lower corporate earnings and many omitted or reduced dividends, says Hemphill, Noyes & Co., member of the New York Stock Exchange, reporting results of a survey.

Stocks on average rose 17.5 per cent in the first six months, and in value were up $24.6 billions, or 14 per cent.

The Personnel Mart

Situation Wanted

CREDIT MANAGER—Extensive experience in budget accounts, also manufacturing. Excellent record in reducing delinquents. Graduate School alumnus. Office management and personnel experience. Will relocate. CFM Box #461.



GOVERNING BOARD of Casper, Wyoming, chapter of The Rocky Mountain Association of Credit Men, organized by J. B. McKelvy, association secretary and manager. Left to right: Ray Studer, president, Studer Tractor & Equipment Co.; Mrs. "Percy" Sakata, accountant, Power Service, Inc., and L. F. Cunningham, controller, Wyoming Automotive Co. Mr. Cunningham is board chairman.

Combined Public-Private Credit Urged as Economic "Arsenal"

Credit is "one of the finest pieces of matériel in our economic arsenal" and American businessmen should "gird for this economic warfare as we would for mortal combat on the battlefield," declared S. J. Rundt, consultant on international business, in a panel discussion before the NACM Foreign Credit Interchange Bureau roundtable conference, in New York.

Mr. Rundt recommended that "American business and the Government develop a combination of public and private credit" and that "the Department of Commerce be given the function and funds to clear all data pertinent to foreign financing."

"There are many fields where our Government and our industries should get together to block Communist economic advances," Mr. Rundt said. "Factories will probably have to pool their bids when answering tenders of some foreign buyers, and they may require financial backing from Uncle Sam when competing against the Red state monopolies.

"Trade and payments agreements may have to be worked out by our government with other governments, again in intimate cooperation with private enterprise here. Clearing arrangements may have to be set up for the utilization of commodities now glutting the markets, in assistance of one-crop or one-product economies. Stockpiling and perhaps even subsidies may become necessary."

Reds' Economic Aid Exceeds Ours In Seven Nations

Calling Red Russia's economic offensive "a challenge which may be greater to us than that of open armed attack", Michael Sapir, economist for the United Nations technical assistance administration in Latin America, urges the Free World to "more carefully thought-out, more skillful and vigorous" foreign economic policies.

In a research paper published by the Committee for Economic Development, Mr. Sapir pointed out that Soviet assistance exceeded America's in seven strategically important countries — Afghanistan, Burma, Egypt, Indonesia, Nepal, Syria, and Yemen.

Public Relations in Action—Los Angeles

***A** TEN-STRIKE in public relations was achieved by leaders of the Credit Managers Association of Southern California when practically the entire front page of a special edition of the Los Angeles Times was devoted to the association's activities, under a pagewide banner head "Credit Managers Hold Hi-Jinks Fete", annual gala celebration at the Breakfast Club.*

Besides the lead story of the event, the Saturday morning special's Page One carried a message from the association president, E. F. Gueble, corporate credit manager, The Garrett Corporation, and his picture; a three-column feature article, and a four-column cut of Lee J. Fortner, association executive vice president, and Marion Engleman with a record catch of marlin and sailfish.

Showing the front page to the world are (l to r) G. W. Sites, credit manager, The Times-Mirror Co., and a director of National Association of Credit Management; Mr. Gueble, and Mr. Fortner. Mr. Gueble is also immediate past Grand Exalted Superzeb of the Royal Order of Zebras.

Purchasing Agents Note Gain In Production, New Orders

With public spending "loosening", the pickup in production and new orders will accelerate in the remainder of the year but no boom is in prospect, and competition will be severe, 69 per cent of members of the National Association of Purchasing Agents said in a survey.

A larger number of new orders booked was reported by 46 per cent; 29 per cent saw no change. Production increase was noted by 35 per cent; 49 per cent indicated no change experienced.

Free Economy Will Produce Phenomenal Progress: Butz

If America can keep its economy free and "preserve an environment in which individual producers and scientists are free to dream a little about new techniques and new ideas, and to enjoy the fruits of their dreams, we shall experience phenomenal progress in the next generation", says Dr. Earl L. Butz, Purdue University's dean of agriculture.

Dr. Butz, former U.S. assistant secretary of agriculture, addressed bank officers at the Graduate School of Banking, Rutgers University.

ON THE
Personal Side

MRS. HARRIET E. SILVERS, formerly credit manager and bookkeeper, has been promoted to secretary, Graphic Arts Corporation of Ohio, Toledo. She began with Graphic Arts in 1938, following ten years as office manager of Woodruff Company, steel brokers. Mrs. Silvers is past president of the Toledo Credit Women's Group and past member of the National Credit Women's Executive Committee.

CHARLES SALEM, office and personnel manager of Facit, Inc., New York, has additionally been named treasurer. GEORGE W. HAAG, national sales manager, who began with the typewriter and calculating machine company as office manager and treasurer, has assumed the duties of secretary of the corporation.

DONALD C. NORTON has been elevated to vice president, The Chase Manhattan Bank, New York City. He began in the trust department in 1928, advancing to assistant personal trust officer in 1944, to personal trust officer the following year, and assistant vice president in 1953.

JAMES M. ARNOLD has been advanced to vice president and general manager of Recordak Corporation, subsidiary of Eastman Kodak Company. Before graduation from University of Kansas (B.B.A. 1941), Mr. Arnold served as trainee at Eastman Kodak and in 1942 he went with the credit department in Rochester, N.Y. He had advanced to the controller's office of the parent company, handling special assignments, before official transfer to Recordak in 1953.


R. W. BARNETT


E. P. MADSEN

RICHARD W. BARNETT has been named credit manager of *The Courier-Journal* and *The Louisville Times*, WHAS and WHAS-TV and Standard Gravure Corporation, to succeed Eric D. Bridges, who has retired after 32 years with the newspaper organization and affiliated units.

Mr. Barnett, a graduate of University of Louisville (B.S., M.B.A.), began in the credit department eight years ago and has been assistant credit manager the last two years.

EDWIN P. MADSEN has been appointed treasurer, F. C. Huyck & Sons, of Rensselaer and New York, N.Y. He is at the New York City headquarters. A certified public accountant, Mr. Madsen was with Arthur Andersen & Company, at Chicago and Minneapolis, from 1940-1952 with the exception of four years in World War II service. He was financial vice president, Shea Chemical Corporation, for six years before going with the industrial textile company.

JOSEPH J. LAPUTKA, for the past year assistant treasurer, Escambia Chemical Corporation, New York City, has been promoted to treasurer. Earlier Mr. Laputka had been assistant credit manager of Westinghouse Electric Company and treasurer of Hollingshead Corporation.

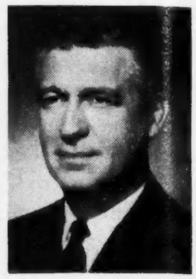
LLOYD E. WILSON has been promoted to assistant secretary, First Trust & Deposit Company, Syracuse, N.Y. He has been manager of First Trust's west side office for the last 15 years.

FRED W. ERETH, Rochester Credit & Financial Management Association, Inc., resigned as city purchasing agent after more than 20 years of municipal service, to give his time to banking activities.


CHARLES SALEM


MRS. SILVERS


J. M. ARNOLD


D. C. NORTON

BYRON A. HICKS, vice president, First National Exchange Bank, Roanoke, Va., has been named chairman of the United Fund Budget Committee for 1958.

ALBERT WAGENFUEHR, senior vice president, First National Bank, St. Louis, Mo., and past president, St. Louis Association of Credit Men, has been elected president of the Frederick Ozanam Home for Men.

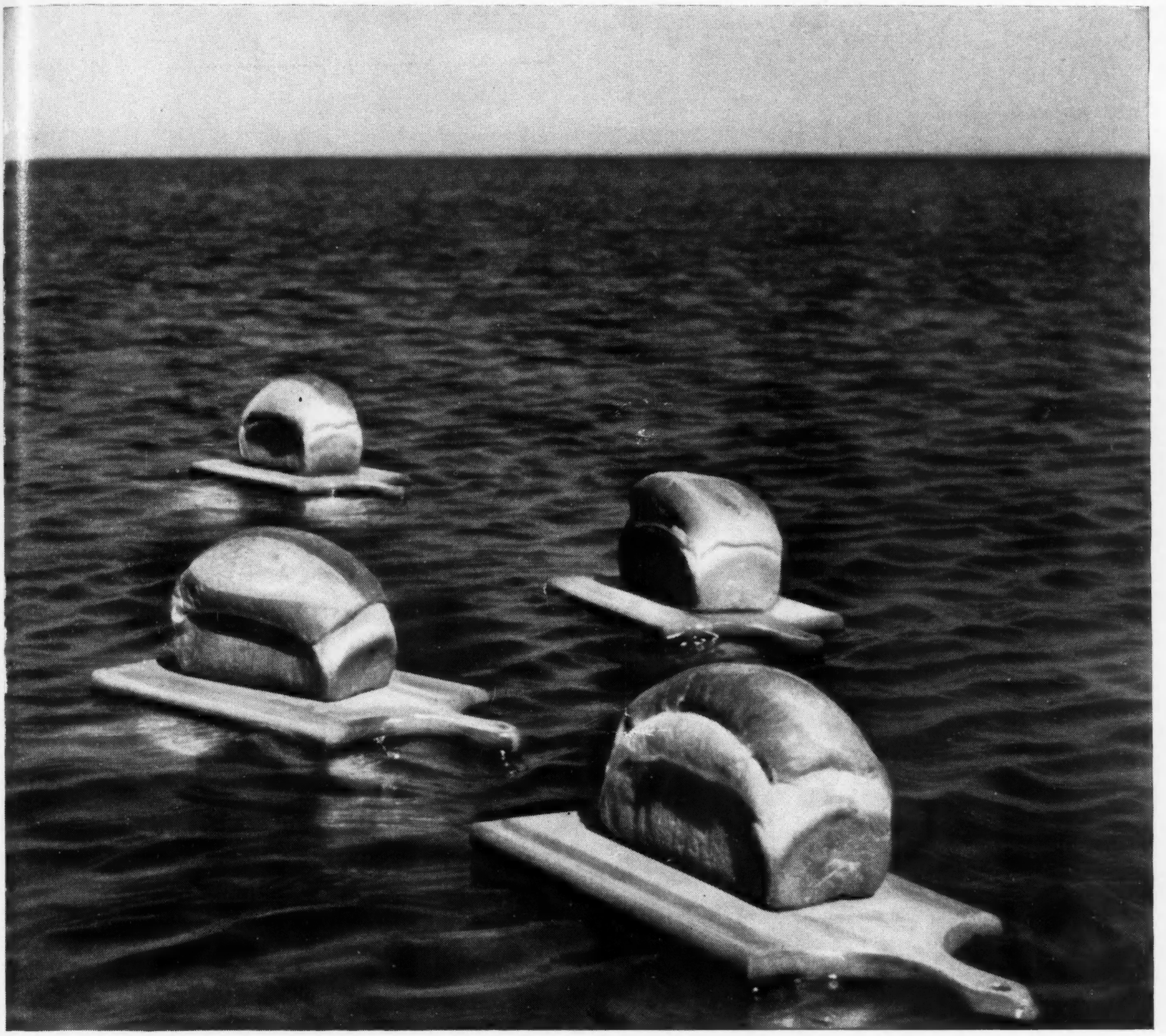
J. F. SCHOFIELD, secretary-treasurer and manager, St. Louis Association of Credit Men serves as president of the M.A.C. Apollos, men's singing group of the Missouri Athletic Club.

LEONARD FLEISCHER, Fleischer Manufacturing, Inc., Columbus, Neb., is president of the National Farm Equipment Manufacturers Association.

KENNETH JOHNSON, Central-White Concrete Co., Des Moines, has been elected vice president of the Iowa Ready-Mixed Concrete Association. Lyle Rhoads, Blue Diamond Co., is secretary-treasurer of the association.

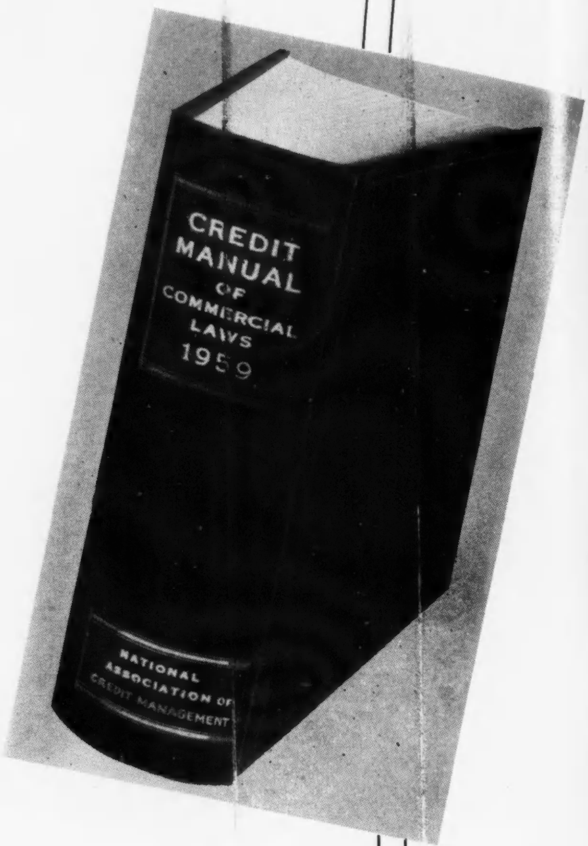
"One is known by the company he keeps; a creditman by the slow accounts he keeps."

—C.L.L.A. Journal



Facts You Need —

Vital Credit Data You Can Rely On



IN THE

1959 CREDIT MANUAL OF COMMERCIAL LAWS

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. . . profit margins are narrowing
. . . business failures are on the rise
. . . marginal accounts are of increasing importance

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